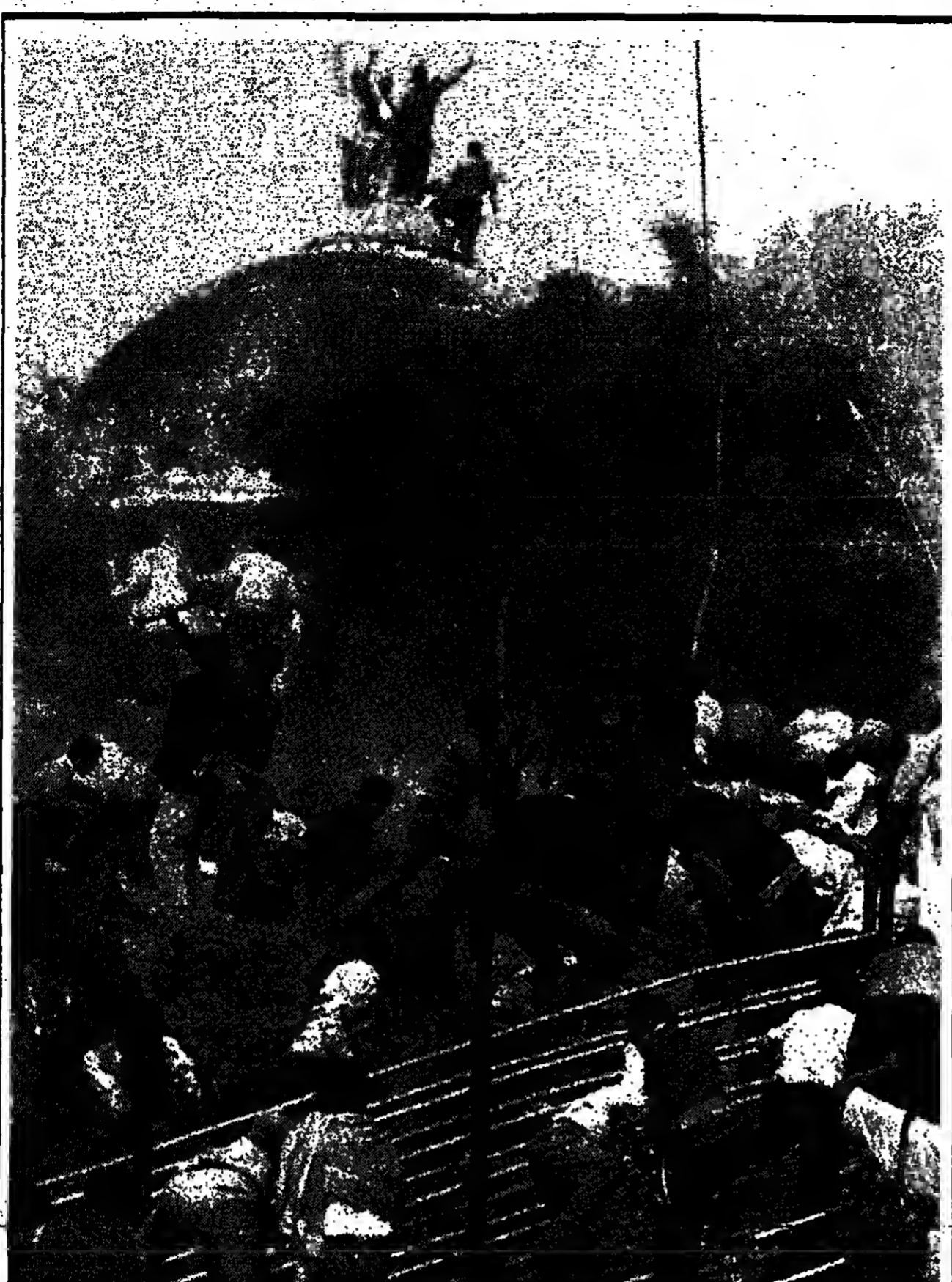


250,000 Rally In Munich To Protest Racist Attacks

March Is the Biggest In Bavaria Since the End of World War II

By Marc Fisher Washington Post Service BERLIN — As dozens of church bells pealed, more than 250,000 residents of Munich took to the streets on Sunday night, holding candles and standing in silent testimony to their country's growing grass-roots movement against anti-foreigner violence.



Mob of Hindu Militants Demolishes a Mosque in India A frenzied horde of Hindu activists storming a mosque on Sunday at a disputed holy site at Ayodhya. The mob destroyed the 16th-century building, using hammers and their bare hands to tear it apart.

Swiss Voters Reject Integration With Europe's Economies

By Alan Riding New York Times Service GENEVA — Opting for the security of traditional isolation and neutrality over the risks and opportunities offered by Europe, Swiss voters on Sunday voted a government-backed plan for Switzerland to move toward economic integration with the European Community.

Paris-Bonn Cornerstone Is Cracking Under the EC

By Tom Redburn International Herald Tribune PARIS — The previously stable bond between Paris and Bonn — which serves as the central axis of the European Community — is starting to wobble.

4 Convoys With Food Break Siege in Somali Capital

By Todd Shields Washington Post Service MOGADISHU, Somalia — Relief workers on Sunday moved food from this divided city's main harbor for the first time in nearly a month, sending four convoys through a front line fraught with danger from armed gangs.

Clinton Chooses Bentsen for Treasury

By David E. Rosenbaum New York Times Service WASHINGTON — President-elect Bill Clinton has chosen Senator Lloyd Bentsen, Democrat of Texas, to be his Treasury secretary.



Somali fighters riding a "technical," or armed vehicle, through Mogadishu. A recoilless rifle is bolted to the floorboards.

Mercy Errands: Where Can Clinton Stop?

By Thomas L. Friedman New York Times Service WASHINGTON — The decision to intervene in Somalia marks a turning point in U.S. foreign policy. For the first time, American troops are entering a country uninvited, not to shore up an anti-communist regime, protect U.S. wealth or stifle a strategic threat, but simply to feed starving people.

An Olympic City, Sloganless? Impossible, Says Atlanta's Booster Squad

By William Booth Washington Post Service ATLANTA — Think of New York: "The Big Apple." Think of Philadelphia: "The City of Brotherly Love." Think of Atlanta, and what?

WORLD BRIEFS

For 3 Ex-Soviet States, a Nuclear 'Moment of Truth' Nears

More than 3,000 nuclear warheads remain on missiles and bombers in the former Soviet republics of Ukraine, Belarus and Kazakhstan, despite their pledges to become nonnuclear states.

Q. It would be unprecedented for the United States to conduct major negotiations during a transition between two parties. What is so unusual about the current situation?

A. The next 45 days are a moment of truth for the likely evolution of nuclear forces because these three

MONDAY Q&A

countries could be on the verge of getting rid of nuclear weapons—a step no country has ever taken. They need to ratify the START treaty and join the nonproliferation treaty as nonnuclear states.

Gay Rights Activists Target Nunn

New York Times Service

NEW YORK — Senator Sam Nunn of Georgia removed two aides a decade ago because they were homosexual, and gay rights groups are contending that the action disqualifies him from a post in the Clinton administration.

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But we need to make sure that Ukraine, and the other two countries, get their fair share of the proceeds from selling us this weapons-grade uranium.

Q. What is the advantage of getting START settled without waiting for a new administration? A. I believe there is a reasonable chance for the United States and Russia to sign a "START 2" accord that would involve making a treaty out of the agreement on deep cuts reached by Bush and President Yeltsin last summer.

Q. Do you think that criticism by homosexual rights groups will hurt your political prospects? A. I have no policy against people who are homosexual working for me.

Q. Money seems to be another thing Ukraine wants in return for giving up nuclear weapons. Is the West ready to meet the demand?

A. It is all part of a broader problem of reconstructing the entire society in these countries, but specifically on the nuclear issue the United States has agreed to buy highly enriched uranium that is recovered from dismantling ex-Soviet warheads.

A. We can work with Russia to provide some reasonable assurances about Ukraine's safety and sovereignty. These are not security guarantees of the sort extended to our NATO allies; that would not be realistic.

ALLIANCE: Cornerstone Cracks

(Continued from page 1)

fact. The French government, although desperate to avoid a showdown over the GATT agreement before the parliamentary elections set for March, may find itself faced with a choice between domestic upheaval and a break with its closest European partner.

The uncertainty at the core of the Community has left Europe adrift. Despite the claim made by French officials that the meeting between Mr. Kohl and Mr. Mitterrand paved the way for a smooth EC summit meeting in Edinburgh at the end of this week, there is little sign that the Community's tired and aging leadership is prepared to confront the deepest challenges facing Europe.

Political responses are providing inadequate answers to Europe's fundamental economic problems," said Tim O'Dell of UBS Phillips & Drew in London.

Albert Bressand, director of Prométhée, a Paris-based consulting group, said: "The heated debate surrounding the negotiation and ratification of the Maastricht treaty has brought to light the diverging — sometimes incompatible — visions of what a pan-European community should be all about."

Jacques Delors, president of the EC Commission, even went so far recently as to describe the current

situation as "the most dangerous European crisis in 20 years."

At the heart of the problem is the widening economic divergence between Germany, along with its smaller satellites both inside and outside the present Community, and the other major economies of Europe.

"It's a big mistake these days to talk about one European business cycle," said Brendan Brown, chief economist at Mitsubishi Finance International in London. "There are several different ones at work."

Affluent Western Europe appears to be divided into at least three parts. Germany, spurred on by the reunification boom, until recently was the only major economy to experience both rising prices and expanding output.

Britain and Scandinavia are still in the midst of wrenching recessions caused primarily by the collapse of real-estate asset values and the need to reduce burdensome debts chalked up in the 1980s.

"Then there is France," Mr. Brown said, "which is caught somewhere in the middle between the two."

Paris, which has staked so much on the rigorous economic path marked out by the Treaty on European Union, faces the toughest challenge.

The problem for France is that the other major European nations — Britain, Italy and Spain — have essentially given up the disinflation struggle, either accepting formal currency devaluation or abandoning the European exchange-rate system altogether.

At a stroke, those other countries are now in a position to enjoy a strong kick from the extra trade competitiveness flowing from devaluation. Alone among the major nations, France is left inside the currency web with a stumbling but much weightier Germany.

"With an economy that has conquered inflation and improved its productivity," said Mr. Roche of Morgan Stanley, "France is all dressed up for the ball, but the ball has been canceled."

He added: "Growth will not resume in France until it does in Germany, and the German economy is headed for a big slowdown over the next two years. How long the French electorate will put up with a barren Franco-German marriage is anyone's guess."

The main fundamentalist group, the Islamic Salvation Front, was banned earlier this year after elections were canceled. Its leaders and thousands of followers were arrested.

In a broad crackdown on the militant Muslim fundamentalists who have battled the government over the last year, Algeria this weekend began a sweep involving

30,000 army and police troops and imposed indefinite 10:30 P.M. to 5 A.M. curfews in several provinces as well as Algiers, the Interior Ministry said.

The move, unparalleled in scale since the fierce mountain battles and street clashes of the war for independence, is the most ambitious effort yet by the military-backed government.

Armed fundamentalists have battled government forces since January in hit-and-run attacks that have killed more than 300 people.

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A Muslim woman walking past a newspaper kiosk in Algiers a few hours before an anti-terrorist curfew officially went into effect.

Algiers Cracks Down on Fundamentalists

Compiled by Our Staff From Dispatches

ALGIERS — The police reinforced checkpoints here Sunday as the government began a major crackdown on Islamic fundamentalists.

The streets of the Algerian capital were deserted except for police patrols after a curfew took effect late Saturday night. No huge security reinforcement was noticed, but the police bolstered normal checkpoints.

Algeria radio said no incidents had been reported.

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30,000 army and police troops and imposed indefinite 10:30 P.M. to 5 A.M. curfews in several provinces as well as Algiers, the Interior Ministry said.

The almost daily attacks on army, police and government representatives have paralyzed parts of Algeria and diverted the attention of the past year's three administrations from pressing economic problems.

A law against "sabotage and terrorism," announced in October, gave all fugitive fundamentalists 40 days to surrender to the authorities or face measures being prepared, including military trials and mandatory sentences for certain crimes.

The deadline expired Saturday and the first nightly curfews began for what the government said may be an indefinite period. The curfews will affect several major cities in addition to Algiers and will cover

the provinces of Tipaza, Boumerdes, Blida, Medea, and Bouira.

The Interior Ministry warned citizens in a communiqué to "observe extreme care and attention to any warning shots by security forces."

Nearly 9,000 fundamentalists have already been arrested this year, the majority of whom are being held in desert camps.

Earlier, the official AFS news agency reported that 43 people, presumed members of an Islamic terrorist group, had been arrested in the eastern city of Saïda on suspicion of sabotage and political murder. No further details were disclosed. Saïda is not part of the curfew zone.

(AP, NYT)

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(AP, NYT)

Palestinians Reduce Team at Talks

TUNIS (AP) — Palestinians leaders said Sunday that they would send a smaller negotiating team to Washington for the eighth round of the Middle East peace talks.

The move to reduce the size of the team appeared to be a compromise by Yasser Arafat, the chairman of the Palestine Liberation Organization, who is increasingly hard-pressed to produce some gains from Palestinian participation in the U.S.-sponsored talks.

The statement did not indicate how many negotiators would fly to Washington for the talks, which are to resume Monday.

Oil Slick Spreads Along Spain's Coast

LA CORUNA, Spain (Combined Dispatches) — An oil slick from a wrecked tanker continued to coat Spain's northwestern coast on Sunday, despite efforts to prevent it from destroying valuable marine life and polluting beaches.

The oil had covered an area of 50 square kilometers (19 square miles) by early Sunday, and environmentalists feared it could spread as far as 100 kilometers (60 miles) and devastate shellfish beds that provide much of the region's livelihood.

The tanker, the Aegean Sea, ran aground, split in two and caught fire on Thursday while entering the port of La Coruña.

140,000 Tajik Refugees Stranded

TASHKENT, Uzbekistan (Reuters) — Up to 140,000 refugees fleeing Tajikistan's civil strife are stranded near the Afghan border in freezing weather with no tents or blankets, an international relief official said Sunday in Dushanbe, the Tajik capital, quoting Russian border guards.

"We're unable to reach the area, but we are planning our relief operation on the basis of these figures," he said.

Islamic fighters and pro-Communist forces fought artillery duels on the outskirts of Dushanbe on Sunday, the Russian press agency, Itar-Tass, said.

U.S. Astronomers Question SDI Plans

NEW YORK (NYT) — Astronomers are concerned over plans by the U.S. military to launch a satellite carrying a Russian nuclear reactor in a test for the Strategic Defense Initiative anti-missile system.

The astronomers say radiation from the reactor could disrupt operations of several important science missions.

SDI scientists have been laying the groundwork for launching the reactor, called Topaz 2, at the end of 1995 or in early 1996. The flight would test nuclear energy as a generator of electricity for operating long-duration propulsion systems and high-powered sensors considered essential in surveillance and missile tracking.

In a statement, a committee of the American Astronomical Society cited the "deep concern" spreading among scientists and asked that SDI officials be required to demonstrate that the radiation would not adversely affect existing, planned or proposed space missions of any country.

SWAPO Makes Gains in Namibia

WINDHOEK, Namibia (Reuters) — Namibia's governing party, the South-West Africa People's Organization, made hefty gains in regional and local elections in the first voting test of its popularity since independence in March 1990, according to provisional results.

SWAPO won majorities on 9 of 13 new regional councils. The Democratic Turnhalle Alliance won control of three; one region had no clear majority.

Sheikh Asks Freedom for an Israeli

NEW YORK (Reuters) — A Muslim sheikh abducted by Israel commandos in Lebanon in 1989 has called on his "brothers in Lebanon" to release an Israeli Air Force navigator who was captured by guerrillas in southern Lebanon six years ago.

In an interview broadcast Sunday on U.S. television, Sheikh Abdel Karim Obeid said he had been treated well by his Israeli captors but that his release depended on the freedom of the Israeli, Captain Ron Arad, who has not been heard from since he was captured on Oct. 16, 1986.

"As I understand it, neither one of us is going to be released until the other one is released," Sheikh Obeid said.

Fighting in Kabul Leaves 30 Dead

KABUL (Reuters) — Peace talks began here Sunday as hospital officials reported at least 30 people dead and hundreds wounded in two days of fighting between two groups in Afghanistan's interim government.

Negotiations for a cease-fire began after fighting between a predominantly ethnic Tajik faction led by Defense Minister Ahmed Shah Masoud and a Shiite Muslim group, the Islamic Coalition Council of Afghanistan, spread to central Kabul on Sunday.

TRAVEL UPDATE

Opening of Narita Terminal Marred

TOKYO (Reuters) — A computerized luggage conveyor belt, the pride of a new terminal at Tokyo's Narita Airport, broke down on the building's opening day on Sunday, airport officials said.

Mechanics finally made the system work more than five hours later, the officials said, but not before 11 departing flights were delayed by more than two and a half hours. Porters had to haul luggage on to a backup system of trucks and conveyor belts.

The new terminal is 1.6 times larger than the first terminal, which is notorious for its congestion. It took four years to build and cost 170 billion yen (about \$1.4 billion).

An Italian rail strike Monday was expected to delay or force the scrapping of hundreds of scheduled runs. State railroad authorities said Sunday that only short-haul commuter runs and several long-distance runs, including some international lines, would be guaranteed during the strike, which was scheduled to end Monday at 9 P.M. The strikers belong to a small union that is protesting plans for "streamlining" operations that might cost jobs or mean longer shifts.

British police officers armed with machine guns searched more than 80 vehicles at roadblocks in London for Irish guerrillas conducting a bombing campaign in the capital, the police said Sunday.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Ivory Coast, Thailand.  
TUESDAY: Andorra, Argentina, Austria, Chile, Colombia, Costa Rica, Guam, Italy, Liechtenstein, Monaco, Maldives, Mauritania, Paraguay, Peru, Portugal, San Marino, Seychelles, Spain, Vatican City, Venezuela.  
WEDNESDAY: Sri Lanka, Tanzania, Venezuela.  
THURSDAY: Angola, Equatorial Guinea, Namibia, Thailand.  
SATURDAY: Kenya, Mauritania, Mexico.

Source: J.P. Morgan, Reuters.

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Briton Is Sentenced To 50 Lashes by Saudis

The Associated Press

LONDON — A British hospital manager working in Saudi Arabia has been sentenced to 50 lashes for swearing at his staff, the Foreign Office has confirmed.

The Mail on Sunday reported that David Brown swore at Saudi employees after an argument at the British-run King Khalid National Guard Hospital. He was arrested by the religious police and appeared before a religious court. The flogging is likely to be carried out in public with a bamboo cane, the paper said. He is appealing the sentence.

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AMERICAN TOPICS

Religious Representation: A Congressional Scorecard

Candidates affiliated with smaller religious groups or with no religious group at all did well this year in congressional elections, according to a survey by Americans for Religious Liberty, a private organization that promotes church-state separation.

Among the larger religious groups, United Methodists and Episcopalians lost ground while Catholics and Jews remained about the same.

Six groups still predominate: Catholics (141 members in the new Congress), Methodists (65), Baptists (62), Presbyterians (54), Episcopalians (50) and Jews (42). But compared with the 1990 election, the Methodists were down 10 members and the Episcopalians lost 9. The Baptists and Presbyterians each gained 3.

Those who declared themselves religiously unaffiliated doubled their number, to 10, and the number belonging to smaller religious groups, such as the Greek Orthodox and African Methodist Episcopal churches, increased to 26 from 16.

The survey organization's executive director, Edd Doerr, said: "One should not read very much into this. Again and again we have seen that there is a very weak correlation between religious affiliation and politics."

Short Takes

The only total ban on smoking in U.S. prisons, imposed by Vermont at all eight state lockups, created so many problems that the state has been forced to ease off. It now allows smoking in prison yards and other designated outdoor areas. The ban had created a black market that pushed the price of cigarettes to \$40 a pack, and as much as \$3 for a single cigarette.

With nurses' pay going up, more men are entering the profession. For years, 4 percent to 5 percent of nurses were men, or about 90,000 of 1.7 million last year, according to the U.S. Bureau of Labor Statistics. But men make up about 16 percent, or 19,000, of the current crop of student nurses, the National League for Nursing

reports. Registered nurses' wages range from \$25,000 a year in the rural South to \$50,000 a year in major cities. "You never have to be without a job," one male nurse noted.

Office Christmas parties are making a comeback after years when the economy forced many businesses to drop them. But they aren't the lavish feasts that marked much of the 1980s. Betalita Winston International, an executive search firm, said its survey of 100 companies shows that many, after several years of playing Scrooge, are putting on slightly more lavish affairs this year. Of the companies it surveyed, 87 said they were giving parties this year, compared with 82 last year. Only 26 are planning less expensive affairs, down from 66 last year.

The media have been using hidden cameras since long before a New York Daily News photographer, using a camera strapped to his shinbone, photographed the 1928 electrocution of a woman at Sing Sing prison. Today, new video-sound cameras the size of a fountain pen makes surreptitious filming easier than ever. The practice is spreading — and so are the objections. "I just think it's wrong," says

Tom Goldstein, dean of the journalism school at the University of California at Berkeley. "Journalists should announce who they are." Richard Kaplan, producer of ABC-TV's "PrimeTime Live," says, "If you misrepresent yourself, it better be for a damned important story."

With all the recent tremors, California's earthquake hot line is heating up. Some people check in so often that the operators fondly refer to them as "quakes." The California Earthquake Safety Hotline Agency opened in early August after two major earthquakes. It has a toll-free number good only in California. One caller wanted to know whether wharves were being erected in Utah, an agency spokesman said, "so when California fell off they would have a place to dock the boats carrying people going out to look for survivors." A frequently asked question is whether the ground can open up and swallow you. "No one we know of has ever been swallowed or trapped inside a fissure," the spokesman said. "Cracks can appear in the ground, but the ground does not close back up."

Arthur Higbee

# TRANSITION / ASSEMBLING A GOVERNMENT

## Trolling for Options, And New Players, On Foreign Policy

**Washington** — While the crisis in Somalia deepens pressure on President-elect Bill Clinton to fill out his national security team, Warren M. Christopher, his transition director, has been giving some of the advice and counsel normally provided by a secretary of state, according to Clinton aides.

Mr. Christopher, who served as deputy secretary of state in the Carter administration, is a top contender for the secretary's job in the Clinton administration, along with Representative Lee H. Hamilton of Indiana, Senator Bill Bradley of New Jersey, Senator Sam Nunn of Georgia, and a newly mentioned long shot, General Colin L. Powell, chairman of the Joint Chiefs of Staff.

Clinton aides say General Powell greatly impressed the president-elect at their first meeting in Washington two weeks ago.

Meanwhile, Samuel R. Berger, who is heading Mr. Clinton's national security transition team, has begun farming out different parts of the world to experts to help draw up policy options for Mr. Clinton.

At least some of those experts are expected to end up either on Mr. Clinton's National Security Council or in senior State Department posts.

Richard M. Moose, an assistant secretary of state for Africa in the Carter administration, and Walter Carrington, a staff member in the House of Representatives, have been asked to draft policy options on Somalia.

Along with Mr. Christopher, Mr. Berger and two of his deputies in Little Rock, Leon Fuerth and Nancy Soderberg, have been serving as an informal national security



Mr. Clinton in Little Rock during a jogging break from considering appointments to his cabinet team.

## Job Interview of a Lifetime As a Friendly Chat With Bill

**By Richard L. Berke**  
*New York Times Service*

**LITTLE ROCK, Arkansas**—After making his way through an elaborate maze of unmarked vans, side entrances and roadblocks, a prospective cabinet secretary sat face to face with President-elect Bill Clinton for the most important job interview of his life. After all the buildup, there was no interrogation. It was more of a chat.

"It was as if he had a friend over for dinner," the interviewees said.

Another cabinet prospect said he was surprised how little Mr. Clinton had asked him about how he would run a particular agency.

"It was 60 percent personal," he said. "We talked politics. My impression is that the objective of these meetings is to see if there is a chemistry."

The conversations in a private anteroom in the governor's mansion may be light, but the meetings could be more critical. Mr. Clinton's approach in the interviews, his aides say, reflects his priorities in assembling a government: Beyond the obvious traits of intelligence and grasp of policy, Mr. Clinton wants to stock his cabinet with loyalists with whom he feels comfortable.

The president-elect emphasized recently that he was concerned about how one agency "should fit with the other," and his aides said the interviews were playing an enormous role in helping him decide whom he could interact easily with and how well various candidates could work with each other.

"The governor wants to make sure that all the candidates are part of his team," said George Stephanopoulos, Mr. Clinton's communications director. "That's why the interviews are essential. They are a combination of intellectual exploration and personal conversation."

Other advisers said the interviews were so critical that they meant the end of the line for those candidates whom Mr. Clinton did not find properly engaging or sufficiently versed on policy.

Richard Moe, who was a top aide to former Vice President Walter F. Mondale, the Democratic presidential nominee in 1984, and who has had contact with Mr. Clinton recently, said the president-elect wanted to do whatever he could to prevent the not-so-subtle backstabbing that permeated the highest ranks of past administrations.

"There are a lot of examples in the past where cabinet members did not pull in the same direction

and Clinton is very aware of that," Mr. Moe said. "You have to pick a cabinet that is your cabinet, that you are totally comfortable with. You don't need a lot of Lone Rangers out there."

The fact that they were summoned to Little Rock meant that the two dozen or so candidates who have been there survived the preliminary cuts and were strong contenders. Clinton aides said the parade of people there was not for public relations value.

Although they had been warned by transition officials to keep their trips a secret, several candidates agreed to describe their sessions with the president-elect on the condition that they not be identified.

Some offered similar descriptions of their talks, saying that although Mr. Clinton had asked many substantive questions about policy, he had usually been just as eager for small talk, from politics to sports.

A few candidates said their conversations, often over coffee or a sandwich, began with Mr. Clinton reminiscing about the campaign. Some said he was concerned with how he could solidify political support in particular regions through his appointments and policies.

"He asked me what I thought we learned from the mistakes Jimmy Carter made," one said.

Only when he was well into the seemingly casual conversations would Mr. Clinton bring up policy, asking questions in a nonthreatening way as if simply to gather information, the interviewees said. As the talk veered into policy, some said, Mr. Clinton would sometimes begin scribbling notes in handwriting that verged on the illegible.

"It was more like a tutorial," said one candidate. "He took copious notes. He asked an enormous number of questions. I walked him through what I thought were the major problems in various policy areas."

One candidate said that he had known Mr. Clinton casually for years, but that he had never had as sustained a discussion with him as the recent one in Little Rock. In some instances, interviewees said, Mr. Clinton told them specifically what job or jobs they were up for; in others he spoke in more general terms. Sometimes he mentioned the names of candidates for other posts, apparently to gauge an interviewee's reaction, in an effort to make sure he picked people who would mix well around the cabinet table.

When the conversations turned to policy, some candidates said they were impressed with the depth of Mr. Clinton's knowledge about them and their pet issues.

## BENTSEN; Texan Is Chosen as Treasury Secretary

**(Continued from page 1)**

for budget director, probably the most important economic post after Treasury secretary, are said to be Representative Leon E. Panetta of California, a Democrat who is chairman of the House Budget Committee, and Alice M. Rivlin, the first director of the Congressional Budget Office, who is an economist at the Brookings Institution.

Ms. Rivlin was the early betting favorite, partly because of Mr. Clinton's determination to have women in top positions in his administration. But an associate of Mr. Clinton's said the president-elect's thinking began to change after he read Ms. Rivlin's new book and interviewed Mr. Panetta. The congressman is now said to be the more likely choice.

Mr. Clinton's "Reviving the American Dream," Ms. Rivlin argues for a huge shift away from Washington and to the state capitals of programs such as job training and public works that are intended to foster economic development. That is a sharp contrast to Mr. Clinton's position that his foremost responsibility as president is to promote economic growth and job creation.

On the other hand, Mr. Panetta, a serious legislator with moderate political views and a firm grasp of the budget, was said to have made a strong impression on the president-elect during their interview in Little Rock last week.

In selecting Mr. Bentsen, 71, Mr. Clinton turned to a veteran lawmaker whose steady temperament and statesmanlike presence became nationally known in 1988 when he was the Democratic vice presidential candidate.

A Clinton adviser said Mr. Bentsen's main asset in the president-elect's eyes was his "deep knowledge of Congress."

"The issue of overcoming gridlock is fundamental to the success of his presidency, both substantively and politically," the adviser said.

Another senator who has talked with Mr. Clinton about economic appointments characterized Mr. Bentsen this way: "He has an absolute familiarity with all the issues on the table. He has an institutional memory for all the economic decisions, good and bad, in the last generation. He knows taxes. And he has the credentials for fiscal responsibility."

Two others who had been on the list for Treasury secretary — Paul A. Volcker, the former chairman of the Federal Reserve Board, and Felix G. Rohatyn, the investment banker and chairman of the Municipal Assistance Corp. in New York. But they were thought to be unlikely to subordinate their own strong philosophies and ideas to the new president's, Clinton advisers said.

Although Mr. Bentsen has normally voted with the mainstream of his party, he is probably more conservative than most other Democratic lawmakers and more oriented toward the views of business.

As chairman of the Finance Committee, he has been a strong supporter of tax breaks for real estate interests and oil and gas producers, and he has advocated more favorable tax treatment of the savings of affluent taxpayers.

The Finance Committee also has jurisdiction over such crucial issues facing the new administration as Social Security, health policy, trade and welfare, and Mr. Bentsen has mastered those topics more completely than most other lawmakers.

Nonetheless, Mr. Bentsen and the others Mr. Clinton picks for the economic positions in his administration may have only limited influence in developing policy.

The president-elect took such detailed stands on these matters during his election campaign that the main responsibility of the cabinet members and others will be as implementers and lobbyists with Congress.

On Wall Street, the choice of Mr. Bentsen was mostly applauded.

merly considers "the work of highly paid idiots."

Mr. Campbell, who found the suggestions plastic and cynical, added: "The slogans? Most of them, all of them, have damn little to do with the city's sense of itself or what it wishes itself to be."

One thing Atlanta is not is cynical. It is relentlessly hopeful.

The visitors' bureau decided to forget the ads and open the process beyond a roomful of well-heeled, mostly white, mostly male boosters who represent the downtown business establishment that serves as Atlanta's shadow government.

And so Atlanta, whose history is awash in slogans, heads off in pursuit of another.

To bear the image doctors tell it, the current round of sloganeering is nothing less than a noble attempt to crystallize the hopes and dreams of almost 3 million people, many of whom have their own ideas about what Atlanta is all about.

"This is not about a slogan," said Joel Babbit, the city's new marketing and communications chief. He envisions the city's coming together to produce "a positioning," a sort of lofty statement, a kind of personal ad that describes Atlanta and what it seeks in a relationship.

"The point of all this is that the eyes of the world are now on this city," he said. "We need to attract more business to pay more taxes so we can have more money so we can buy for our citizens a better quality of life. We got to make money off this. That's the whole point."

## ATLANTA: A City Heads Off in Search of the Snappiest Sales Pitch

**(Continued from page 1)**

Unforgettable." Reported favorably: "Atlanta: Hometown to the World."

"Pretty inane," said Michael Lomax, chairman of the Fulton County Commission. "American dream? All you have to do is come to Atlanta and interview a few homeless, and that bubble bursts."

Hometown to the world? "Over my dead body," said Col. in Campbell, an Atlanta Journal and Constitution columnist who is crusading against slogans that he

ing and communications chief. He envisions the city's coming together to produce "a positioning," a sort of lofty statement, a kind of personal ad that describes Atlanta and what it seeks in a relationship.

"The point of all this is that the eyes of the world are now on this city," he said. "We need to attract more business to pay more taxes so we can have more money so we can buy for our citizens a better quality of life. We got to make money off this. That's the whole point."

### ★ POLITICAL NOTES ★

#### A Furor in U.K. Over Search for Clinton Data

**LONDON** — Opposition leaders sharply criticized the government Sunday over its fruitless search of Home Office files during the U.S. presidential campaign for potentially damaging information about Bill Clinton, saying the episode might cast a chill over relations between Mr. Clinton and Prime Minister John Major.

Aides to Mr. Major also sought to soften the impact of what looked like three political snubs. Mr. Clinton has decided not to meet with Mr. Major when the British leader travels to the United States later this month, and both President François Mitterrand of France and Chancellor Helmut Kohl of Germany have denied Mr. Major's requests for one-on-one meetings in advance of the Dec. 11-12 European Community summit meeting in Edinburgh.

Although the Clinton camp has indicated that it does not want meetings with any world leaders before the inauguration in January, spokesmen for Mr. Major had been saying that the two men would meet before the end of the year. On Sunday, they backtracked.

Government critics suggested that the search, which sought to establish whether Mr. Clinton had ever applied for British citizenship in order to avoid the Vietnam War, might have been part of a general campaign by the governing Conservative Party to help President George Bush's re-election effort. (WPI)

#### Democrat Is In, Again, From North Dakota

**BISMARCK, North Dakota** — Senator G. Kent Conrad, Democrat of North Dakota, succeeded in his unorthodox bid to switch Senate seats, winning a special election held to replace the late Senator Quentin N. Burdick. With Mr. Conrad's victory, the Democrats kept their 57-to-43 majority in the Senate.

Mr. Conrad had declined a race for his own seat, to keep a campaign promise not to run again unless the federal deficit had been slashed, will now serve the two years left on Mr. Burdick's term. Mr. Burdick died Sept. 8 at 84 after a 32-year Senate career. (AP)

#### A Timely Donation to the Republican Cause

**WASHINGTON** — Gary L. Wilson, co-chairman of Northwest Airlines, gave \$100,000 to the Republican Party just as the Bush administration was moving toward approval of two rulings that helped the financially ailing airline. Mr. Wilson wrote checks for \$80,000 and \$20,000 to separate Republican accounts on Aug. 18, according to Federal Election Commission records.

The Bush administration approved an open-skies agreement with the Netherlands, the first such deal with any European country. It allows KLM Royal Dutch Airlines — which owns 49 percent of Northwest's parent company — to fly to any American market.

Then the Transportation Department gave preliminary approval to the antitrust immunity that Northwest and KLM needed to merge their services. (AP)


#### Quote/Unquote

George Stephanopoulos, Bill Clinton's communications director, when asked whether Mr. Clinton would sit in on major policy meetings: "Of course. Yeah. Sure. I don't know how you define major, but I expect she's going to play a major role in the White House in assisting the president, advising the president." (UPI)

#### Away From Politics

- A former employee of General Electric Co., Chester L. Walsh, has been awarded \$13.4 million by a federal judge for bringing forward evidence that the company defrauded the United States in a scandal involving the sale of military jet engines to Israel. The award was the largest to date under the federal whistle-blower statute.
- Alaska, confronted with public outrage, threats of an international tourism boycott and the biggest black eye to its image since the Exxon Valdez oil spill, has called a temporary halt to its plans to thin its wolf population by shooting 300 to 400.
- A dead battery has ended a major NASA experiment aboard the shuttle Discovery to track space debris. Flight controllers at the Houston Space Center decided to give up trying to release six metal balls into orbit, because of an unresponsive battery in the payload bay canister from which the spheres were supposed to have been ejected. Researchers had wanted to track the orbiting balls with radar and telescopes to fine-tune their instruments and improve their ability to track small objects.
- The jury in the Iran-contra perjury trial of Clair E. George has recessed without reaching a verdict. Mr. George, the former deputy director for operations at the CIA, is charged with seven counts of lying to and obstructing congressional committees and a federal grand jury investigating the agency's role in the scandal.
- The Atlantic Richfield Co. has agreed to pay \$500,000 to settle a federal lawsuit accusing it of exceeding federal limits on lead in gasoline.
- Eight children were killed when fire raged through a row house in Chester, Pennsylvania, outside Philadelphia. The victims, who ranged in age from 1 to 12, were found huddled in a second-floor bedroom.
- A twin-engine plane crashed into a quarry, killing all six people aboard, while en route to Birmingham, Alabama, from Gainesville, Florida, the police reported in Birmingham.

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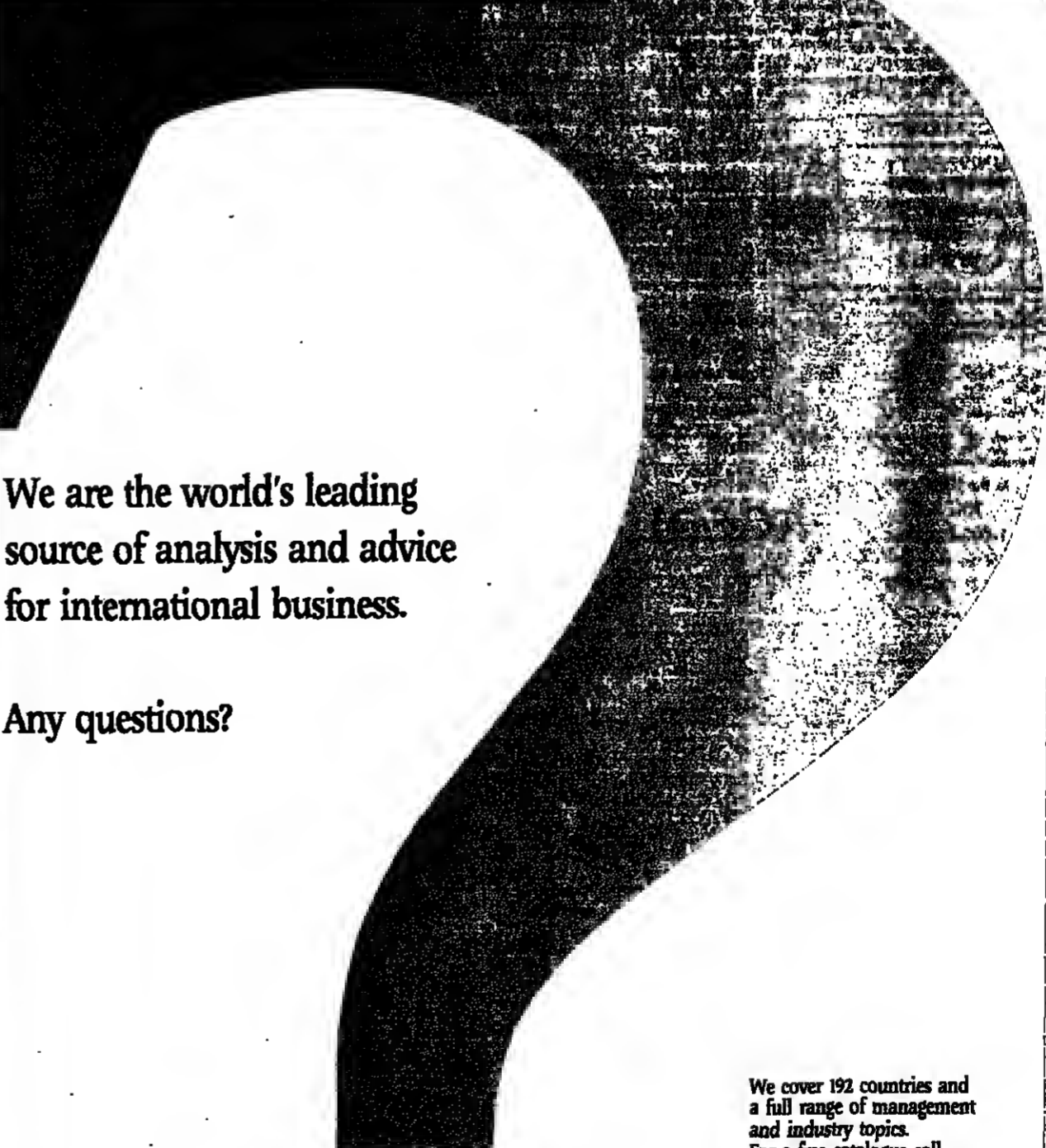
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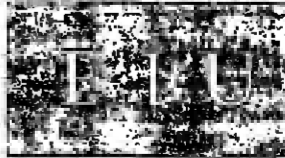


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**BEGINNING THE DEPLOYMENT:** The White House meeting on Nov. 21 was the turning point in U.S. policy.

## Anatomy of a Decision: How Bush Made Up His Mind to Send Troops to Somalia

By Don Oberdorfer

**WASHINGTON**—The crown prince of the Bush administration were gathered in the White House Situation Room two weeks ago to discuss the crisis in Somalia when Admiral David E. Jeremiah, the vice chairman of the Joint Chiefs of Staff, announced to general surprise that deployment of U.S. ground troops could end the violence in Somalia and see that its people were fed within a short period.

The Nov. 21 meeting of the Deputies Committee, a National Security Council panel of officials just below the cabinet level, was the turning point in the deliberations that led to President George Bush's order Friday to send thousands of American troops to Somalia, participants in the discussions say.

Until the statement of Admiral Jeremiah—deputy to the chairman, General Colin L. Powell—the widespread assumption had been that the U.S. military would resist extensive involvement in Somalia. It had resisted involvement in a less costly and less dangerous relief effort in Somalia last summer, and continues vigorously to oppose involvement in the bloody ethnic battles in Bosnia.

As the United States feels its way toward new international roles in the post-Cold War world, the deliberations and decisions of the past several weeks may have more than fleeting significance.

Unlike previous large-scale military operations, there is no U.S. strategic or economic interest in the Somalia deployments, as the security council deputies agreed at the start of their discussions.

The U.S. action in Somalia, which has started many Americans, responds to a different

set of priorities, including a growing belief here that only the United States is equipped to lead efforts to deal with some international crises and disasters.

As Bosnia and many other conflicts testify, however, U.S. policymakers are not prepared to intervene in every such crisis.

Two important criteria for the administration in Somalia were the scale of the disaster and the likely effectiveness of U.S. intervention.

"This is a tragedy of massive proportions," said acting Secretary of State Lawrence S. Eagleburger, "and, underline this, one that we could do something about. We had to act."

The most persuasive argument in favor of action during the weeks of internal discussions of Somalia, said a senior White House participant, was that "it's a need where the need is crying and where only the United States can do something."

A senior Pentagon official said that he was not surprised by the president's decision. "I had the feeling that no matter what was said, he would not want to leave office with 50,000 people starving that he could have saved," the official said.

The contrary view, expressed in colorful language in a diplomatic cable from the U.S. ambassador to Kenya, Smith Hempstone, and made public this weekend by U.S. News and World Report, was that "if you liked Beirut," where U.S. Marines in the early 1980s fought a losing battle against local terrorists, "you'll love Mogadishu." Mr. Hempstone predicted that "it will take five years to get Somalia not on its feet but just on its knees."

In the absence of fundamental change, he said, U.S. intervention will only "keep tens of thousands of Somali kids from starving to

death in 1993 who, in all probability, will starve to death in 1994."

Mr. Hempstone called Somalia a "tarbaby," a term that was heard from U.S. military representatives before the military view changed a few days before the Bush decision. Admirals and generals around the interagency conference table also had spoken of Somalia as "a quagmire," said a civilian official who favored U.S. intervention.

The United States has been in the forefront of supplying food aid to Somalia through the International Committee of the Red Cross and private voluntary relief organizations. By this summer, however, the local distribution chan-

**"This is a tragedy of massive proportions. We had to act."**

Lawrence S. Eagleburger

nels for food shipments were increasingly blocked by clan violence. To get around this problem, administration officials began discussing a U.S. airlift, especially to the interior of the country that was cut off from the relief supplies.

Pentagon representatives were reluctant even to consider an airlift when an interagency committee discussed it in early August. Along with some in the State Department worried about the escalating costs of UN peacekeeping operations, the Joint Chiefs of Staff considered Somalia "a bottomless pit" for U.S. involvement, according to a participant in the meetings.

But Mr. Bush—whose attention had been

attracted by an earlier Hempstone cable, titled "A Day in Hell," about a trip to Somalia—decided at an Aug. 12 meeting with senior advisers to order the airlift anyway. The emergency food airlift was announced two days later.

U.S. foreign policymaking had gone into low gear during the presidential campaign, but after the election, pressure grew on several fronts for more dramatic action in Somalia.

On Nov. 12, Assistant Secretary of State Robert L. Gallucci, the department's chief of political-military affairs, recommended in a written paper and an oral appeal to Mr. Eagleburger that the United States lead a coalition to save Somalia from starvation under a UN Security Council authorization to use "all necessary means," including armed forces. Mr. Eagleburger, convinced by Mr. Gallucci's arguments, became an advocate of more forceful U.S. action.

On Nov. 16, senior representatives of U.S. relief organizations working in Somalia met with UN officials in New York and appealed for more protection. The next day 11 relief groups began drafting a joint letter to the Bush administration calling for expansion of the UN force and UN mandate and declaring that "humanitarian agencies cannot work effectively in Somalia without greater security."

The first of four NSC Deputies Committee meetings leading to the Bush decision to send U.S. ground troops convened at the White House Nov. 20.

Frederick C. Cuny, a humanitarian relief expert who was a consultant for the U.S. Agency for International Development in Somalia, briefed officials in the State and Defense departments shortly before the Nov. 20 meeting. He advocated using 2,500 U.S. troops with air

and naval support to open and improve supply lines. At the time, this was considered a very bold proposal.

In the first day of interagency discussions, Undersecretary of Defense Paul Wolfowitz hinted at the possibility of using U.S. ground troops, but the general representing the Joint Chiefs, the uniformed military, said little. Early-

**"I had the feeling that no matter what was said, he would not want to leave office with 50,000 people starving that he could have saved."**

A Pentagon official

in the week Secretary-General Butros Butros Ghali had appealed for more U.S. help in a conversation with Undersecretary of State Frank G. Wisner but had not requested U.S. troops. In view of that conversation, many around the table thought that the introduction of American troops was unlikely to be seriously considered.

On Nov. 21, the second day of discussions, Admiral Jeremiah started the group by saying that "if you think U.S. forces are needed" on land in Somalia, "we can do the job," one participant said. Although he also expressed concern about the circumstances under which U.S. forces could withdraw, his statement made the ground-troop option a leading possibility.

What brought the shift in Pentagon thinking is a matter of speculation within the administration. An official close to General Powell,

who declined to be interviewed for this article, said "mounting evidence" of the dimensions of the tragedy in Somalia, some of it validated by U.S. military officials on the ground, convinced the Joint Chiefs that something substantial should be done.

Another official familiar with the thinking of General Powell and Defense Secretary Richard B. Cheney said they were willing to "do more than put a Band-Aid on the problem" because the situation in Somalia was so stark and "what we do can make a big difference."

A senior State Department official said, "There was never any doubt in anybody's mind that if you really wanted to be absolutely certain to deliver the goods on time, you go with the U.S. military."

The question being asked, he added, was whether the Joint Chiefs would agree to intervene "in an obscure African situation loaded with uncertainty and full of chaos." The military "came forward" after deciding it was a workable mission, the official said.

Mr. Bush had been told by Mr. Butros Ghali in a conversation at the White House in May that Muslims were aroused by the UN's failure to protect their co-religionists in either Bosnia or Somalia. "Can't we do something about Somalia?" he asked Mr. Bush.

Two more Deputies Committee meetings were held at the White House, on Nov. 23 and 24, to refine options for consideration by Mr. Bush. Meanwhile, Mr. Cheney and Mr. Powell were thinking harder about the dangers of U.S. military intervention, especially after a briefing on the morning of Nov. 24 by Brigadier General Frank Libutti, commander of the U.S. airlift operations into Somalia. If the United States were not careful, he said, its troops would be in Somalia for 10 or 15 years.

## POLICY: Clinton on New Ground

(Continued from page 1)

world will come clamoring for help.

"The challenge for the Clinton presidency will be twofold," said Michael J. Sandel, a political scientist at Harvard University. "On the one hand, he will have to articulate clearly the principles on behalf of which we may need to intervene—whether it is upholding human rights, averting starvation or promoting democracy."

But on the other hand, Mr. Sandel said, those principles will have to be tempered by sober practical considerations about where Washington can be effective at a cost tolerable to the public.

"Clinton will have to be honest with the American people about both the principles justifying intervention and the practical considerations that might restrain such action," Mr. Sandel said. "Otherwise he will seem inconsistent and hypocritical and ultimately undermine the domestic consensus for intervention."

Mr. Bush has tried to make those distinctions with deeds instead of words. First he intervened to rescue Kuwait, after an invasion by Iraq; it was the first time since the Korean War that U.S. troops led a coalition to uphold the United Nations Charter and the principle of the sanctity of international borders.

But that step was made easier by the fact that behind the diplomatic principles at stake in the Gulf were also the hard-core U.S. interests in oil flows and strategic concerns about Iraq's growing arsenal.

Mr. Bush's latest decision goes a step further, and through his actions in Iraq and Somalia he has defined his vision of the boundaries of U.S. post-Cold War intervention.

There are the cases, Iraq for example, where principles and major strategic interests virtually demand that Washington organize an international coalition to respond.

And there are the cases, Somalia for example, where there are principles but no strategic interests at stake—or real opposition forces

on the ground. This makes it relatively easy for Washington to organize an international coalition to respond.

The struggle comes in dealing with problems that fall between the poles of Iraq and Somalia.

In Bosnia, for example, there are just enough strategic interests and human-rights factors at stake to draw world attention and invite action. But there are too many armed forces on the ground to make intervention easy, and the strategic interest at stake for the United States too limited to justify the potential costs in U.S. lives.

Mr. Bush was enunciating a new rationale for U.S. foreign policy when he said on Friday: "In taking this action, I want to emphasize that I understand the United States alone cannot right the world's wrongs, but we also know that some crises in the world cannot be resolved without American involvement; that American action is often necessary as a catalyst for broader involvement of the community of nations."

Mr. Clinton has avoided detailing his own vision. His spokesman, George Stephanopoulos, underscored Mr. Clinton's support for "President Bush's decision."

When Mr. Stephanopoulos was asked later that was a harbinger of the Clinton foreign policy, he said: "Well, I don't know if I can comment on that kind of a hypothetical. But at the moment, Governor Clinton supports this operation."

Clinton aides say privately that they are increasingly aware that while Mr. Bush is making the tough decision to go in, Mr. Clinton will be saddled with the even tougher decision of how to get out. And they are worried that it could divert Mr. Clinton from his campaign vow to remain focused "like a laser beam" on the economy.

Well might they worry. Harry S. Truman first described the U.S. intervention in Korea as a police action. His successor, Dwight D. Eisenhower, found it to be something rather larger.

## FORCE: Aid Trucks Break Siege

(Continued from page 1)

cautions of initial contacts between planners of the U.S. military intervention and the relief community.

The United Nations port captain here received a telephone call from a U.S. admiral asking questions about such matters as the depth of the harbor channel and the length of the quay, a relief source said.

And, said one relief official, two Department of Defense officials were expected to discuss security measures that the relief groups could take, especially in the hours surrounding the initial U.S. troop movement.

But, said the official, relief workers still had not had even initial consultations about meshing their plans with the American military activity.

Relief groups say they are unsure how the troops will affect long-established security routines, such as the hiring of armed guards, and whether the military will take on a humanitarian role beyond guard duty by, for instance, rebuilding roads in stricken areas.

Mr. Lodesani said the prospective American arrival has let him take a tougher line with the gunmen's efforts at extortion. He said he refused demands from a group of gunmen long-established along the truckers' route for an immediate 20-ton payment to ensure safe passage.

"We said we are not going to play the game any more," Mr. Lodesani said.

**Turnover Planned**

Mr. Cheney said U.S. officials hoped to begin turning some areas over to UN peacekeepers by the

end of next month, news agencies reported from Washington.

Asked about the possibility that U.S. forces might end up in a lengthy guerrilla conflict, Mr. Cheney said, "I think that's dead wrong."

He would not specify a date for a U.S. departure but said that "the idea of leaving a large U.S. combat force for a long time in Somalia is not a valid one."

"If you're looking for the United States to stay until all Somalia's problems are solved," he added, "it's not going to happen."

Brent Scowcroft, the national security adviser, said the U.S. role in the operation was "strictly limited," aimed at preparing a ground-work of peace so that Somalia can rebuild a governmental structure.

But he said that at least "a few thousand" U.S. military personnel may be called upon to remain after the ground troops depart. They would be logistics specialists to provide support for any UN forces, Mr. Scowcroft added.

Mr. Cheney said that troops would disarm Somali fighters who threatened relief efforts. But he said that U.S. troops were not going to "confiscate every AK-47 in Somalia."

He said a range of options was being considered, from confiscating weapons in offering bounties as a means of encouraging Somalis to turn in their arms.

"We will be concerned about any potential military threat to our forces or relief workers," he added.

In Somalia, sorely needed food made it Sunday to Bardera, where three relief planes landed as aid workers were down to their last 25 sacks of grain. It was the first food to reach the town in nine days.

Relief agencies cut back staff in Bardera and in nearby Baidoa, where gangs of militia have reportedly continued looting sprees and threatened more attacks.

Relief officials said that 24 people were killed in clan fighting in Baidoa on Sunday. (AP, Reuters)

# It's curious what passes for an interoperable computer system these days.

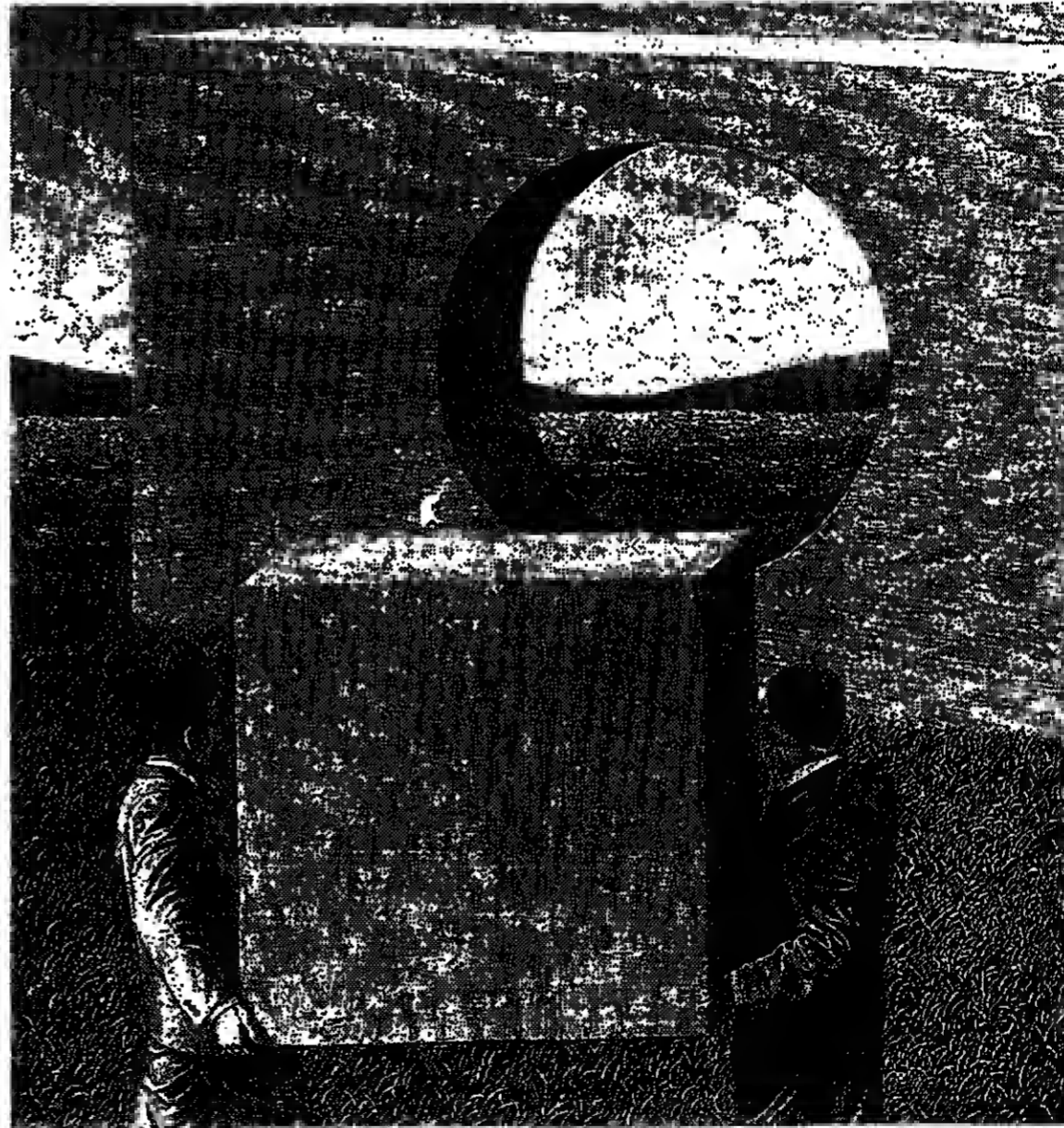
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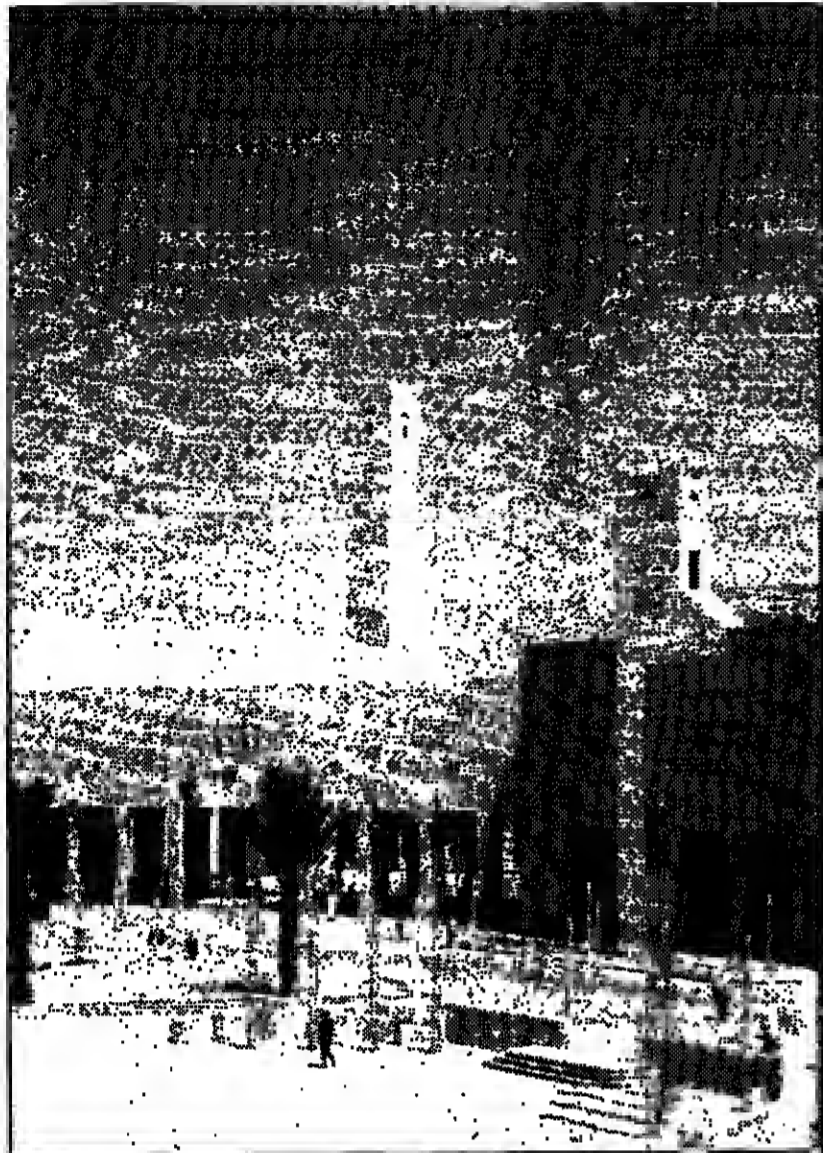
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In a daring midnight raid in 1902 on Riyadh's Masmak Fort, Abdul Aziz ibn Saud, who later became king, led a small band of his closest followers to victory. As a handful of his crack warriors crashed through the wooden gates of the fort, Abdul Aziz engaged in fierce hand-to-hand combat with the governor of Riyadh. Abdul Aziz wounded the governor with a rifle shot as a guard attempted to rescue the governor while the two struggled in the gateway. One story says a spear thrown by a cousin of Abdul Aziz narrowly missed the future king and buried itself deep in the gate as his men dived through the opening.

Today, one of the wizened custodians of the fort points out to visitors a shiny, much-thumbed depression in the woodwork — the hole made by the spearhead. The actual spearhead vanished long ago, no doubt taken as a highly prized souvenir.

The raid marked the beginning of modern Saudi Arabia. It was not until 30 years later, however, that Abdul Aziz announced a pact between the principle warring factions and declared himself king of Saudi Arabia on September 23, 1932. Six years earlier, he had made himself



A fountain in Jeddah.

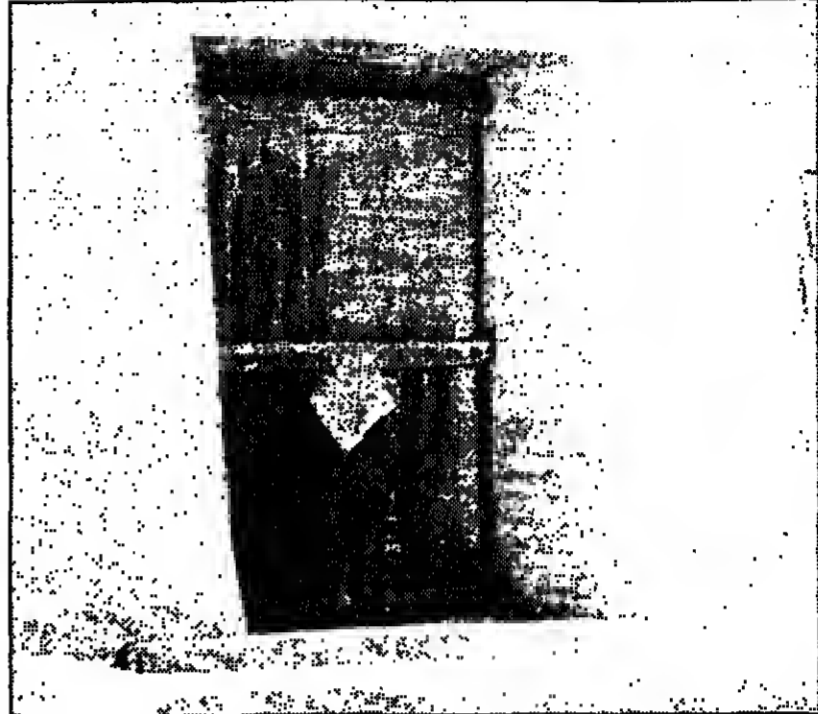
king of the Hejaz and in 1927, King of the Nejd.

The next logical step, which took another five years to accomplish, was to bring the two kingdoms together as one — Saudi Arabia — which has been ruled by the House of Saud ever since. King Abdul Aziz, who died in 1953, was a man of stature and, in addition to being a great warrior king, was a philosopher and

statesman who believed in strength through unity and Islam. He laid the foundations for a state that is vast in physical terms — about 830,000 square miles — the equivalent of the whole of Western Europe. Over the past 60 years, Saudi Arabia has become the most powerful economy in the Middle East. Its oil wealth, now worth about \$40 billion a year, has made it a significant international player on the world stage.

Since Abdul Aziz's midnight raid on Riyadh, which then had a population of about 30,000, the city has been restored, and much of the old city walls and fortifications have been rebuilt to remind Saudis of their heritage.

This year also marks one of the most important decades of develop-



Gateway of the Masmak Fort, Riyadh.

ment and the 10th anniversary of the accession of the present monarch and Custodian of the Two Holy Shrines of Makkah and Medina, King Fahd ibn Abdul Aziz, the fifth Saudi head of state.

King Fahd is gradually introducing democratic reforms into a country that is prepared to create new institutions for government decision-making.

Saudi Arabia has a unique system of "family" government that has been responsible for distributing the country's oil wealth, which first started to flow in six years after the kingdom was created. After the disruption caused by the invasion of Kuwait by Iraq and the subsequent liberation last year, King Fahd announced changes to the basic law of government and to the law of succes-

sion, which is to be confined "to the sons of the kingdom's founder, Abdul Aziz ibn Abdulrahman Al-Faisal Al-Saud."

The most suitable candidate is to be chosen "under the guidance of the Quran and the Prophet's sunnah" as a move toward formalizing a constitutional monarchy. When introducing these changes at the beginning of the year, King Fahd also announced the establishment of a consultative assembly (*majlis al-shura*) and a new style of regional government. Last fall, he named the first speaker for the 60-seat assembly, whose members have yet to be chosen.

King Fahd has been under pressure to bring about reforms, but he is determined to take a cautious ap-

Continued on Page 12

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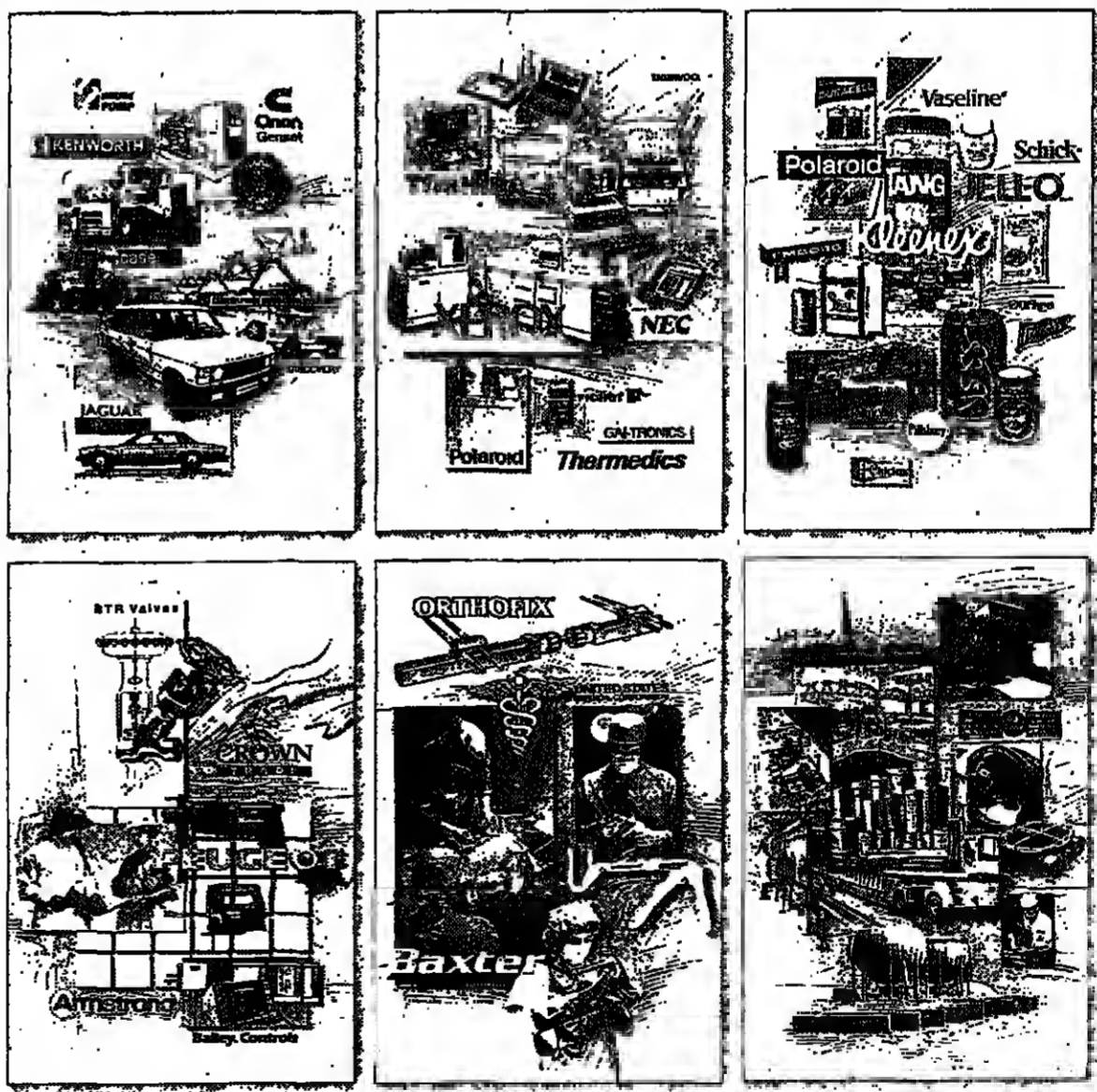


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## Survey Shows Saudiization Program Is Working

Riyadh has become one of the fastest-growing and most important cities in the Middle East during the last five years. Forty years ago, it was a relatively small town with mud-brick buildings and the remains of ancient fortifications.

There were few buildings more than four or five stories high, hardly any surfaced roads and only half a dozen telephone links with the outside world.

Since then, both Riyadh's urban area and its number of inhabitants have grown dramatically. Between 1986 and 1991, the boundaries of the city were greatly extended, and the amount of land under development

### Saudis save 31 percent of their income

(much of it wadis, or hills) has almost doubled, to 1,714 square kilometers (660 square miles), about 80 percent of them residential, 10 percent commercial and 7 percent services. At the same time, the population has risen by 49 percent, to just over 2 million, at a much faster rate than in the past — 8.7 percent a year between 1987 and 1991 as compared with 7.8 percent between 1977 and 1986.

One of the most striking facts to emerge from a recent socioeconomic study of the capital conducted by the Arriyadh Development Authority (ADA) is that 60 percent of the overall population is under 20 years of age, with only 2 percent over 60 years. The number of Saudi nationals has increased by 58 percent, to 1,334,800, and foreigners by 36 percent, to 739,000. The 152,000 Egyptians are the largest group of foreigners, accounting for 21 percent of the foreign population.

They replace the Yemenis, who left the kingdom en masse after the



The Diplomatic Quarter in Riyadh, which also houses the High Commission for the development of Arriyadh.

Iraqi invasion of Kuwait in 1990. The next largest group comprises Syrians, Jordanians and Iraqis. Net migration into the city between 1986 and 1991 was more than half a million, even taking into account the departing Yemenis and incoming Egyptians. The ADA survey also shows the shifting patterns in economic activity, family makeup and land use.

The report also reveals the following facts: the average age of Saudis has risen from 16.5 years to 17.1 years; total employment has increased by nearly 40 percent to 584,779 (mainly because the number of Saudis now employed has risen from 150,306 to 254,182); the number of Saudis with university degrees has doubled; Saudis account for 72 percent of all professional and technical jobs, compared with 62 percent in 1986; and one-quarter of all these occupations are filled by women. The Saudi share of employed workers has grown much faster than the corresponding increase in Saudi population, suggesting that more Saudis are replacing foreigners in jobs.

The report shows that the biggest employers are the government and the real-estate sector. Some of the most extensive socioeconomic changes have been in the employment sector, where there has been a 40 percent rise, to 161,000, in the number of jobs. Two-thirds of the

increase is among Saudi workers, whose share of the job market has gone up by 69 percent since 1986, while that of expatriates has only increased by 12 percent. A notable change has been in the number of Saudi women now employed: a total of 21,500, up from 11,000 in 1986. There has been a substantial increase in the expatriate female labor force, which has almost doubled to 72,000.

The report indicates that the share of government jobs has increased only slightly but that there has been a 47 percent rise in business services employment. The main shift in employment patterns is from expatriate to Saudi, demonstrating that the government's policy to carry out its "Saudiization" strategy seems to be bearing fruit. The ADA survey shows that more Saudis are now employed in government, the manufacturing of construction materials, retail trade, finance, real estate and other business services.

Unskilled jobs account for 28 percent of total employment in the city, with professional and technical jobs making up the next largest sector — 23 percent. Almost all unskilled jobs are held by expatriates, while the majority of administrative, professional and office positions are held by Saudis — 72 percent overall. There are Saudis in just under 50 percent of the professional/technical sector and slightly more than before in clerical and office positions (73 percent). But the number of Saudis

in sales and services jobs has dropped sharply, from 52 percent to about 35 percent.

There are slightly fewer women in unskilled jobs, and about 25 percent of all female workers are still in the professional and technical sectors. Saudi women make up 75 percent of those in professional and technical jobs, with only 11 percent in clerical and office work, although the number has increased slightly. There are a few more Saudi women in sales and service jobs than in 1986.

There has been a slight slowdown in the rate of increases for salaries and income in the capital compared with the early part of the 1980s. Total income for all Riyadh households, however, has shot up by 58 percent to 30 billion Saudi riyals (approximately \$8 billion) since 1986. Saudis save 31 percent of their income — one of the highest savings rates in the world — but this represents a slight fall from 38 percent. They also spend a considerable amount of their wages and salaries. Disposable income has risen by 76 percent and was 21 billion riyals in 1991.

If all sources of income were taken into account, the ADA estimates, the true expenditure figure would be considerably higher. About 4 billion riyals is sent out of the kingdom every year, of which 3.2 billion riyals is in the form of remittances from expatriate workers.

## National Airline's Load Soars to 10 Billion a Year

Saudia, the Saudi national carrier, opened for business in 1945 with a single DC-3 aircraft, used mostly by government ministers. Forty-seven years later, it is the largest airline in the Middle East.

Saudia operates a fleet of more than 100 aircraft, ranging from wide-bodied Boeing 747s and Airbus A300s to sleek Grumman Gulfstreams and tiny Piper Apaches. And while it still carries government ministers around the world, they now comprise but a

### Cargo traffic important, but people more so

tiny fraction of the more than 10 million passengers carried by the airline each year.

The airline's international network links 52 cities on four continents, while Saudia serves a further 25 destinations in the kingdom itself. In recent years, it has opened an average of two new international routes a year. Its current goals include expanded services to the United States.

The United States has played a major role in the airline's development. Its first aircraft was a personal gift from President Franklin D. Roosevelt to King Abdul Aziz Ibn Sand. Many of its pilots were originally trained in the United States, but since 1986, all air-flight operations and training have been conducted in-house. A prospective Saudia pilot can now enter the company's training center for initial flight training for a private pilot's license and progress to full Air Transport Rating as a captain without any need for study abroad. The basic flight-training academy in Jeddah operates with full U.S. Federal Aviation Administration accreditation.

Jeddah is very much the center of the company's operations. A new headquarters will soon be ready for occupation. The Flight Training Center and the Basic Flight Training Academy are both located in the city, which remains the principal hub of the kingdom's international network. In 1991, the airline carried some 6.5 million people on its domestic routes and 3.2 million on its international network. By the end of last October, it had already carried 9,858,718 passengers this year, making it likely that it will carry close to 12 million people by the end of the year.

Saudia has its own terminals at the

kingdom's three major airports. Jeddah's King Abdul Aziz International Airport, The Eastern Province's King Fahd Airport and Riyadh's King Khaled Airport. Riyadh is the center of the airline's domestic network. Because, in a sense, the airline grew up with the kingdom and because of the kingdom's vast size, it became the main means of mass transport within Saudi Arabia.

The airline has made striking progress in two key areas, automation and employment of Saudi nationals. In 1982, it opened a fully automated approach observation center at Jeddah. It currently operates an automated Flight Operations Information System, Technical Information System and Maintenance and Engineering Management Information System. It has also automated its passenger reservation and cargo handling systems. In 1987, it transferred to Jeddah the Saudi Automated Reservations System, which had until then been operated from a British Airways host computer in London.

It is a matter of pride to the airline that its flight crew is increasingly composed of Saudi nationals. More than 750 of the airline's 1,078 flight crew is Saudi, only a slightly lower proportion than the overall 78 percent-22 percent ratio of Saudi nationals to non-nationals in the airline's 19,800 in-kingdom staff. Each year, between 300 and 500 students, having completed their secondary-school education, enter the airline's training programs aimed at qualifying them for FAA certificates covering maintenance of aircraft engines and chassis.

As a cargo carrier, the airline saw its business rise steadily in the 1980s. It concentrated on cargo operations serving Europe and established gathering centers in Brussels and Milan. Since 1983, it has routinely carried well over 140 million tons of cargo a year on its international routes and a further 20 million tons on domestic routes.

But cargo traffic still comes second to people: the passenger load factor this year is 66 percent, whereas the overall weight load factor is just 52 percent.

John Roberts

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## What Recession? Private Sector Thriving

"We are succeeding in transforming our economy from an oil-based local merchant economy to a diversified industrial and service economy with a global perspective," said Abdullah Dabbagh, secretary general of the Saudi Council of Chambers of Commerce, at a recent London conference.

Mr. Dabbagh added, "This year the economy is expected to grow by around 4 percent, which is not a bad figure if you consider that many countries are going through recession."

Certainly the private-sector economy in Saudi Arabia puts Western industry to shame. Business confidence is high, industrial and service companies are expanding, private cash is abundant and the young stock market is

### \$8 billion budget for job expansion

surging. This major increase in confidence since the Gulf crisis ended in spring 1991 has surprised the Saudis themselves. "To be honest," says one Saudi executive, "I thought we'd have a slump after the extra business during the crisis."

Various reasons are given for Saudi Arabia's current economic boom. The country has come of age after successfully coming out of the ordeal of Desert Storm, and people feel proud. The monetary institutions, and in particular the central bank, the Saudi Arabian Monetary Agency (SAMA), dealt with the financial turmoil during the crisis far better than anyone had expected. The banking system stood the test and panic money that fled in the first days returned faster and in greater volumes than expected. Dollar interest rates have dropped and the international markets are uncertain, and Saudis now feel comfortable putting cash into the domestic market.

Another set of views suggests that the private sector, not as hampered as usual by governmental red tape, can get on with what it knows best — making money. Large volumes of government spending on the oil and defense sectors are spreading money and contracts across the country, and the spin-offs are trickling through. Saudi Arabia was coming out of recession before the Gulf crisis anyway, and Desert Storm simply delayed the upsurge.

All these views have an element of truth, and certainly the government's massive spending on defense and major projects to expand the oil production, refineries and petrochemicals sectors are providing very substantial business across the kingdom. There is plenty of private money around, the banks had an extremely profitable year in 1991, the stock market is booming and economic activity is higher than it has been in nearly 10 years.

The 1992 expansionary budget has certainly helped the private sector and provided a real boost to business confidence and opportunities. The budget, set at 181 billion Saudi riyals (\$48.3 billion), 27 percent above the country's last published budget (in 1990, 143 billion Saudi riyals), gave priority to the defense sector; project expenditure was around 52 billion Saudi riyals and recurrent expenditure at around 129 billion Saudi riyals.

Between the two budgets, the largest percentage increase was 31 billion Saudi riyals for manpower development. This should come as no surprise for a country half of whose population is under 18, which needs to employ its own young people rather than expatriates.

On the revenue side of the budget, the government set earnings at 151 billion Saudi riyals. Of this, the expected oil-revenue figure is around 111 billion Saudi riyals if non-oil income from foreign reserves and other sources reaches 40 billion Saudi riyals. This leaves a 30 billion Saudi riyal budget deficit that the government expects to

fund on the domestic market through its development bonds and treasury bills. Given the need for revenue, it is hardly surprising that the kingdom has — despite OPEC's objections — refused to produce less than 8 million barrels per day of crude oil.

While private business is thriving, the kingdom's national accounts are not particularly healthy. For the past 10 years, Saudi Arabia has run a current account deficit, and a slow deterioration in its balance of payments has been perceptible. Further, the erosion of its foreign reserves had been steady until accelerated by payments for Desert Storm. Recent figures from the IMF's International Financial Statistics (IFS) suggest that the Kingdom has just \$10.7 billion in short-term liquid funds.

The IMF's Staff Report on Saudi Arabia in autumn 1991 forecast continuing current account deficits through to 1996, though at lower levels than recently and not above \$3.9 billion in any year. It noted that the govern-

ment's debt service might reach 11 percent of GDP by 1996, but maintained that given the underlying strength of the economy, the debt servicing was manageable. A well-placed economic analyst in the oil industry, however, commented glumly that the IMF's current accounts forecasts appeared over-optimistic. This analyst pointed out that if imports do not fall back — and they have not since 1990-91 — the current account deficit is more likely to be in the \$6 billion to \$10 billion range through to 1995.

Imports from OECD countries showed a 5 percent to 10 percent rise in the first half of 1992, which may indicate that contrary to previous Saudi practice, defense purchases are now showing in the trade figures. The ever-increasing Saudi imports shown in the IFS tables are usually thought to contain considerable defense supplies.

To fund its deficits, the government has borrowed domestically and on the international markets, but as a country where Islamic law, the Shari'ah, forbids interest payments, the government has to pay close attention to public feeling. Having borrowed \$7 billion in 1991 and 1992 mainly to finance the war, it is encouraging state-owned entities to raise funds on their own behalf. The state oil company, Saudi Aramco, the affiliates of the state petrochemicals holding company, Saudi Basic Industries Corporation, and utilities such as the power-generation company Soco West are expected to raise commercial funding on the markets for new projects.

Susan Moon



Jeddah's futuristic shopping center.

## Banking Sector Profiting From Private Sector Investments

The Saudi commercial banks showed such excellent results in 1991 that this year's challenge is to live up to last year's performance and not disappoint shareholders' expectations.

The Saudi banks, ably backed up through incisive action by the country's central bank, the Saudi Arabian Monetary Agency (SAMA), did not mere-

### Saudis acquiring the banking habit

ly weather the Gulf crisis but have emerged even stronger. Other factors have also helped the banks' performance. The drop in dollar interest rates and the increasing appetite among private Saudis to acquire the banking habit and invest on the newly buoyant Riyadh stock exchange have generated income for the banks and led to a high level of liquidity throughout the kingdom.

In 1991, all the banks showed increased profits and assets growth except National Commercial Bank (NCB), which for the second year running did

not publish its figures, and Al-Rajhi Banking & Investment Corporation, which showed a small decline in profits but a big increase in assets growth. Total placements with the banks at the end of 1991 were 75 billion Saudi riyals (\$20 billion), excluding Al-Rajhi and NCB. Now that Bank Al-Jazirah is being reorganized, the last of the small "problem" banks is looking much healthier. The banks have overcome their hangover of bad debts from the mid-1980s, made adequate provisioning, and now foresee good private and government business in the 1990s.

This year has been the year of capital increases for the Saudi commercial banks, which, faced with rapid expansion in lending and deposit-taking, have found their capital adequacy ratios in need of adjustment. The Saudi banks are also, of course, paying careful attention to the

guidelines on capital adequacy ratios produced by the Basel-based Bank for International Settlements (BIS), the central bankers' bank, and acting on them. The BIS requires 4 percent for first-tier capital and 8 percent for total capital. They are also being strictly controlled by Saudi Arabia's central bank, which requires various ratios to be observed and capital funds to be deposited interest-free. The effect of tight banking controls has been beneficial: the Saudi banking system has been the most trouble-free in the Gulf, and the strongest.

Arah National Bank, Riyadh Bank and United Saudi Commercial Bank have already strengthened their capital positions and increased their first-tier capital by share issues and by transferring funds from reserves. Riyadh Bank's share offering in early 1992 on the Riyadh stock

market was a resounding success despite strong criticism from the religious establishment. Saudi Cairo Bank, which showed a 136 percent increase in operating profits in 1991 and has mostly put its 1980s bad debts behind it, is raising its paid-up capital by 100 percent to 1.2 billion Saudi riyals (\$320 million). Its public offering at a 250-riyal premium over the nominal 100-riyal share was more than four times oversubscribed when it closed on October 31. The full premium amount of 1.5 billion Saudi riyals will be used to clean up the balance sheet.

Its foreign shareholder, Egypt's Banque du Caire, which previously had 20 percent, has retained the same stake, while the state-owned Public Investment Fund, previously with 50 percent, has dropped to 25 percent, and the Saudi individual shareholding base has increased from 30 percent to 55 percent.

Bank Al-Jazirah has achieved a capital increase to quadruple its capital to 400 million Saudi riyals (\$107 million) in an issue

that was 10 times oversubscribed. This has had the effect of reducing the share of its joint-venture partner, the National Bank of Pakistan, from 35 percent to less than 9 percent. Al-Jazirah showed an operating profit in 1991 after losses in the previous four years and reported a 10 million Saudi riyal profit in the first half of 1992. Next in line is expected to be Saudi French Bank, which plans a flotation in December. Next year, Saudi British Bank, 40 percent-owned by Hongkong & Shanghai Banking Corporation, plans a capital increase of 150 percent to 1 billion Saudi riyals, Saudi American Bank (Samba), 30 percent owned by Citicorp since its American partner sold 10 percent to Saudi interests at the end of 1991, may also raise its capital 1.2 billion Saudi riyals.

The more problematic bank is NCB, which has not produced any audited accounts for two years. Reports from Riyadh indicate that NCB, currently a private partnership and the largest private bank in

the Middle East, may be transformed into a joint stock company through a flotation on the stock exchange.

Unaudited figures released by the bank at the end of 1991 gave customer deposits at 73.5 billion Saudi riyals and assets at 82.3 billion Saudi riyals; its share capital is thought to stand at around 0.3 percent of total assets and its total equity to represent 3.7 percent, figures that leave it far from conforming to BIS requirements.

The good year in 1991 was partly the result of heavy trading in securities and from high fixed interest rates agreed before rates started dropping. Other factors have been the boom in the private-sector economy and the return of Saudi money to the kingdom.

The banks will also continue to benefit from their traditional and lucrative source of earnings: non-interest bearing deposits placed by Muslims to whom the earning of interest is against Shari'ah (Islamic) law.

S.M.

# Reflections on an International Success Story.



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## ADVERTISING SECTION

## Oil Production Levels To Be Maintained

Saudi Arabia and oil are almost synonymous in the popular mind. When people think of the kingdom, they think of wells, pipelines, tankers and black gold.

The kingdom's position as the key player in the world oil markets is beyond question. "You can't dismiss the importance of a country with as much oil as Saudi," as one international banker put it. Saudi Arabia has about one-quarter of the world's reserves; its proved reserves, accord-

### Proven reserves total 257.8 billion barrels

ing to British Petroleum's authoritative Statistical Review of World Energy 1992, were 257.8 billion barrels — and the kingdom has had a habit of understating its reserves. It is the world's largest exporter of crude oil, the world's largest producer (since the breakup of the Soviet Union) and a vital exporter of crude and end products to the United States.

Saudi Arabia is without question the most important player in the Organization of Petroleum Exporting Countries (OPEC); its production is a quantum leap higher than that of any other OPEC producer, and it is the only OPEC country with major surplus production capability. Its ability to open the taps further and cause an oil price slide gives the kingdom a gratifyingly strong hand, though like all OPEC members (except the United Arab Emirates) it needs every bit of oil revenue it can squeeze out.

Earlier this year, the kingdom showed its muscle in OPEC by refusing to accept its allocated quota — some 200,000 barrels per day below 8 million barrels per day. Since the Gulf crisis, Saudi oil policy has been consistent: the kingdom has decided that the world oil price should be low enough to keep oil demand up in the OECD countries and that it should be "comfortable" for the United States. On the production side, Saudi Arabia has taken the view that it will produce at not less than 8 million barrels per day (including its share of the Neutral Zone between Kuwait and the kingdom), come what may. "The Saudis understand the market, and they know their strength comes from volume; they're not going to pass up their market share," says a London-based analyst.

This autumn, Saudi Arabia again showed its strength in OPEC. The organization's fears of a significant price slide toward the end of this year and the first quarter of 1993 have been allayed by the kingdom. This past November, Saudi Arabia undertook not to exceed a production level of 8.4 million barrels per day and an export level of 6.4 million barrels per day. In doing this the kingdom responded to a kind of unspoken OPEC agreement that if the price for the basket of OPEC crude oils (the marker on which OPEC pricing policies are based) deviates from a \$18 to \$21 per barrel band, action is taken.

To pursue its market-related strategies and responsiveness, Saudi Arabia has been expanding its stockpiling facilities by buying into overseas storage close to markets, such as in the Caribbean and Northwestern Europe. This gives it enough surplus oil to ease off any tightening in price or to withhold supplies if the price drops. It has very substantially increased its tanker fleet and thereby the volume of floating storage through Vela, the tanker subsidiary of the state oil company Saudi Aramco, which has been estimated to hold some 40 million barrels outside the kingdom.

To ensure that the kingdom can maintain market share by increasing capacity, Saudi Aramco has embarked on a huge \$36 billion expansion program to increase sustainable production capacity to 10 million barrels per day by 1995; a further expansion program from 1995 to 2000 is scheduled to bring production up to 12 million barrels per day. The EC proposals to curb oil consumption by a carbon tax rising by the year 2000 to \$10 per barrel have caused consternation, however. The Saudi government sees no reason why the extra revenues generated from this should go to consumer rather than producer countries, nor why it should invest heavily in new facilities to maintain oil demand and price when the West is trying to depress demand and take the revenues.

These justifiable complaints will be subsumed, however. Demand for OPEC oil over this decade will rise as



Laying the Sumed pipeline in Egypt.

non-OPEC oil production declines, and Saudi Arabia wants to be positioned to take full advantage of the new scenario.

Saudi Aramco is looking to purchase refining and distribution outlets abroad. Over the past few years, the kingdom has been investing overseas with the long-term plan of selling around half its crude oil as higher-value-added products. Saudi Arabia is already OPEC's largest refiner, with a 1.58 million barrels per day domestic refining capacity and a long-term goal to refine 3 million barrels per day abroad.

The U.S.-based Saudi Aramco-Texaco joint venture, Star Enterprise, was the first and best-publicized purchase of overseas refining and distribution when the kingdom bought Texaco's eastern U.S. enterprises in 1988 at what has been described a "bargain basement" price. Another foreign venture is the \$470 million Saudi Aramco/Ssangyong deal. Han-Saudi Oil Refining Co., which will give the kingdom a major stake in two Korean refineries and marketing outlets. An agreement in principle has also been arranged with Japan on a big refining venture there, with possibly one or two more refineries in Saudi Arabia.

The kingdom has also been looking into acquisitions to expand into Europe, particularly with France's Total, but so far nothing has been

concluded, not least because France would like a stake in Saudi Arabia's upstream oil assets.

The state Saudi Marketing & Refining Co. (Samarec), which took over from Petromin, has started a major \$3 billion program to upgrade domestic refineries, which will make Saudi Arabia the world's largest producer of unleaded gasoline and a world-scale exporter of refined products from the lighter end of the barrel. Saudi Aramco's own refinery, Ras Tanura, is also slated for upgrading.

In the longer run, Saudi Arabia is following the revived trend toward integrated oil operations, which used to be the province of the international majors, the "Seven Sisters." Saudi Aramco will be seen and will act less as a crude-oil producing entity and more as an integrated transnational oil company. Saudi Aramco also runs the Master Gas System (MGS), which collects and processes the gas associated with crude-oil production and some non-associated Khuff gas. An expansion of the Saudi gas-gathering system would be welcomed in the kingdom not least by the expanding petrochemical sector. Until transfer pricing discussions between Saudi Aramco and its local customers have been concluded, however, no additions to the gas facilities are likely.

S.M.

## The Big Three of Oil: Strategic Alliance Possible?

It is not easy to accept that the Western world's largest oil producer, which also has 25 percent of the total oil reserves on earth, may have to face an ever-more competitive market when it comes to selling refined and lube-oil products. An alliance of the kingdom's top three oil-industry operations would be a formidable global force, say many analysts.

Saudi Arabia has only the beginnings of an integrated vertical oil sector; this began with the creation four years ago of Saudi Aramco, which holds all oil and gas concessions in the country, and Samarec, which is responsible for the refining and sale of most refined products.

### Markets and production sites possible abroad

along with Petrolube, which markets lube oils. All three organizations work independently of each other, especially as far as the marketing and development of overseas outlets are concerned. Global integration is still a very long way off and, according to one industry source, there is a need for a creative strategic alliance to strengthen the basic three oil groups if Saudi Arabia is to continue to strengthen its overseas markets.

When Saudi Aramco was formalized in 1988, the acquisition of downstream assets in the United States through the Star Enterprise joint-refining venture was announced. This was followed two years later by a joint venture in South Korea, the Ssangyong Oil Company. Aramco is now also looking at several possible acquisitions in Europe. Samarec, which now runs the three domestic and three export refineries and jointly manages with Saudi Aramco the Ras Tanura export refinery, is also looking to expand retail outlets overseas. It already controls three flagship service stations in the kingdom and may go ahead with a plan, which was held back because of the Gulf War, to open a nationwide network.

Petrolube, which provides 68 percent of all domestic needs for lube oils, is a hybrid corporation. It is a public-sector company that has to operate as a private company when it comes to marketing. "It has to compete on the open market," says one industry source. "It is not a monopolistic company nor does it take anything from the government. It is not

looking for a 100 percent share of the local market but, with its surplus blending capacity, it is looking for new export markets."

The lube oils, which are marketed by Petrolube, are produced at the Petromin Lubricating Oil Refinery Co (Luberef) under the Petromin brand name. Lube oils for three private oil marketing companies in the kingdom are also produced at the same plant. If the Luberef plant works 24 hours a day, it has a capacity to process and produce 6 million barrels of lube oil products a year — more than enough for the kingdom's needs, although it stresses that it is not looking for a sales monopoly.

Indigenous lube oils are new to the kingdom, which had to import most of these products until Petrolube was established. Now that there is a surplus capacity, Petrolube is seeking new markets abroad. Its home-based products are now manufactured to the highest standards set by SASO, the Saudi Arabia Standards Organization. The company wants to encourage more exports and ensure that the names Petrolube or Petromin are synonymous with quality. Products are now sold to 30 different countries; Petrolube has just opened a plant in Egypt and has an operation in Morocco as well as a blending

### "An alliance would be an unbeatable combination"

plant in Rotterdam for marine lubricants.

Part of its philosophy is to market and produce its products in other countries if this cannot be done economically in Saudi Arabia, which may be the key to future oil-related developments in the kingdom. "A strategic alliance between Saudi Aramco, Samarec and Petrolube would be a logical development — it would be an unbeatable combination," comments a respected Saudi industry source.

L.V.

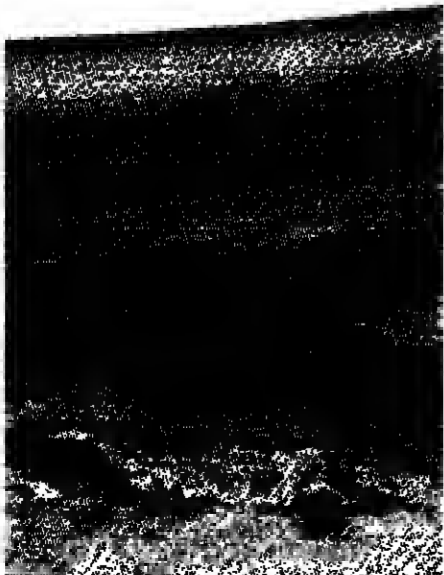
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## Trusts Now Apply Islamic Principles

The rise of Islamic unit trusts, in which NCB, Riyadh, Al-Rajhi and Samba are all players, is a new option in Saudi Arabia's financial sector.

Al Rajhi has introduced the Al-Rajhi Currency Fund and Al-Rajhi Maritime Leasing Fund to

### Many funds are still managed abroad

complement its commodity Mudharaba Fund. Al-Rajhi Banking & Investment Corporation set up a mutual fund in mid-1992 that will not deal in the

shares of banks or companies with large investments in non-Islamic banks.

The Saudi-based Islamic mutual funds also have to compete with Islamic funds being set up outside the kingdom. The Jiddah-based Al-Baraka Investment & Development Company is planning to increase the capital of two of its Bahrain-based offshore investment companies, Al-Tawfiq Company

for Investment Funds and Al-Amin Securities Company, to create one of the area's biggest Islamic investment facilities. Another Al-Baraka company in London is planning a dollar-denominated company to invest in U.S. real estate. The Bahrain-based Faysal Islamic Bank is another potential competitor.

The definition of an investment under Shari'ah (Islamic law) is that the investor takes a risk and receives a return. Many Arab investors would like Shari'ah investments but do not like risks. "But they are sure as anything want a return," comments one Saudi banker.

Unit trusts, or mutual funds, are being developed as investment vehicles for the Saudi public. The commercial banks, again recognizing the huge volume of private funds searching for investment outlets, have developed a range of mutual funds in dollars and are now focusing on Saudi riyal-denominated funds. The banks have long recognized that a major volume of Saudi private money is not invested in interest-bearing accounts — they have profited from these non-interest bearing deposits — and that millions of riyals are kept "under the mattress," i.e., outside the banking system. In a measure that is to some degree defensive, they are now putting considerable effort into creating mutual funds run on Shari'ah principles.

The mutual funds run by the Saudi banks have been very profitable. The Arab National Bank, a joint venture between Saudi shareholders and Jordan's Arab Bank, has announced that the amount invested in its three new investment funds has reached \$120 million (160 million Saudi riyals in its local fund, 65 million Saudi riyals in its Islamic —

murabaha — fund and \$10 million in its international fund).

Arab National launched the open-ended series in March 1992 after being the first bank to receive a license from the Saudi Arabian Monetary Agency (SAMA) for its local fund. Saudi American Bank (Samba) recently announced a 24.2 percent return on its International Equity Fund in 1991 while its other five international funds brought returns ranging between 11.4 percent and 20.7 percent. Samba clients are offered a choice of packages with a minimum investment of \$7,000 and a sliding scale of fees.

The international mutual funds organized by Saudi banks have existed for some time. National Commercial Bank (NCB), Riyadh, Samba, Saudi French Bank and Saudi British Bank are running all sorts of "own brand" international dollar funds specializing in different markets — currencies, bonds, balanced funds, real estate and equities — and at different risk levels. Normally, however, in the fine print of these funds it is stated that the funds are managed by banking institutions in London or New York. For instance, both NCB and Samba are marketing their funds but having them managed elsewhere.

More recently, the banks have been developing riyal-denominated funds for Saudi investors in the local stock market. Al-Rajhi launched a trust fund for investment in Saudi shares in the summer of 1992, while Samba launched its first domestic investment fund in May 1992 with considerable success. Saudi British Bank, having received SAMA's permission, is about to join the dance.

S.M.



Testing pipelines: the kingdom is aiming to increase downstream and value-added oil projects.

## Downstream and Value-Added Projects

The popular identification of Saudi Arabia solely with barrels of black crude oil is quite unsound. Saudi Arabia is also a major refined products and petrochemicals producer.

The Saudi Marketing & Refining Co (Samarec), a state-owned company that took over many of Petromin's functions, runs the kingdom's domestic refineries and is responsible for marketing and distributing products worldwide. Saudi Basic Industries Corporation (Sabic) has a similar role in the petrochemicals sector. Both these

### Joint-venture activity brings profits

companies, already very big players in the world market, have major expansion programs that together total around \$10 billion.

Samarec, created by Royal Decree in late 1988 after Hisham Nazer took over from Ahmad Zaki Yamani as Saudi Arabia's oil minister, is one facet of the kingdom's drive to process its own crude oil and, instead of allowing the added value to go to non-Saudi refiners, to keep the added value for itself. Mr. Nazer once stated that the kingdom's long-term goal was to sell about half its crude oil as refined products and have a refining capacity outside the country of around 3 million barrels per day (bpd).

Samarec is responsible for the expansion and upgrading program for Saudi Arabia's domestic refineries, which will lead to production of the much lighter products now demanded by world markets and, along with Sabic, will help make Saudi Arabia a leading producer of unleaded gasoline. Saudi Arabia's domestic refining capacity is now around 1.6 million bpd.

The first phase of Samarec's program, currently budgeted at around \$2 billion, will embrace the three domestic refineries at Riyadh, Jiddah and the new industrial

city of Yanbu on the Red Sea. The eventual cost of the program is likely to be about \$4 billion and will also include the three joint-venture export refineries at Jubail, Yanbu and Rabigh. Rabigh unfortunately requires very extensive work to bring it up to speed, including negotiations with the joint-venture partner, Greece's Petrolia, and elementary infrastructure such as crude-oil input pipelines.

The Ras Tanura refinery, historically part of the state oil company Saudi Aramco, is also slated for expansion and modernization. Budgeted costs for the Ras Tanura refinery modernization seem excessively high at about \$11 billion, but when completed, Ras Tanura should be capable of considerable flexibility at 530,000 bpd rated capacity. It will produce light products from the heavier Saudi crudes.

Sabic officials confirm that the driving force behind Sabic was to set up state-owned industries for base chemicals plants, which were way beyond the means of the private sector, and then to act as a catalyst to private business interests.

This has happened to some degree. Mobil, in conjunction with Chemvest, a consortium of private-sector Saudi businessmen, is setting up a 880,000-metric-ton-a-year MTBE plant at Yanbu on the Red Sea. The same company, Chemvest, is planning a 400,000-metric-ton-a-year paraxylene plant with Amoco. Dow Europe and E.A. Juffali & Bros. are considering a 50-50 joint venture in Jubail to manufacture and market styrene-butadiene latex (artificial rubber), and Xenel Industries of Jiddah has been looking at polypropylene production in a joint venture with Himont.

S.M.

## Growing Diversity

• Tiles and fittings for bathrooms and ceramic road-markers are just some of the products of the Riyadh-based Saudi Ceramic Company. Founded 12 years ago, it is now the leading ceramics manufacturer in the kingdom, producing more than 3 million square meters (32.2 million square feet) of tiles and 6,000 tons of sanitary fittings a year. According to Sami Al-Fawaz, export manager, the factory is to be expanded to double production capacity. New products like the ceramic road markers are proving highly successful, and the company recently won a \$133,000 order from Bahrain to supply 200,000 roadmarkers. The company, which applies strict international standards of quality control, is developing other new products to help boost sales and satisfy local demand.

• At the end of 1977, two young Saudis began a car rental company with 27 vehicles. Today, that company, Arabian Hala, has 3,500 vehicles of all types, from small cars to four-wheel-drive vehicles, and an annual turnover of 120 million Saudi riyals (\$32 million). The Riyadh-based company was founded by Sulaiman Abdulrahman Al Saleh and Abdulrahman Alissa with an initial capital of \$100,000. This year it was ranked 322nd in the Saudi list of Top 500 companies.

• One of the latest companies to enter the environmental protection field is the established group Alshifa of Damman. When it was first established in 1921, it opened offices in Jubail and Bahran and began importing and distributing foodstuffs and building materials. It gradually expanded its activities into many areas, from packaging, water drilling and horticulture to the travel industry.

• Pharmaceuticals and medical products are top-selling items in Saudi Arabia, which hopes to have 32,000 hospital beds by 1995. Total expenditure on the health sector between 1985 and 1990 was more than \$16 billion, and current expenditure is running at the rate of about \$2 billion a year. One of the leading companies providing medical supplies is the Al-Haya Medical Co. of Riyadh, the agent for several leading brand names. Not all products are imported, and there is a growing local manufacturing sector that includes companies like Al-Shifa, which produces large quantities of syringes for both the domestic and export markets. Saudis buy more than \$220 million worth of medical supplies a year.

• Flexibility and the ability to diversify have enabled the Olayan group of companies to gain a leading position in the development of the Saudi economy and the neighboring Gulf Cooperation Council states. Olayan Financing Company (OFC), which oversees the activities of the group, plays an active role in supporting the integrated GCC market as well as satisfying the progressive needs of an upscale consumer market of over 15 million people in the kingdom itself. Reviewing the activities of the group last year, Khaled S. Olayan, chairman of the board, highlights the annual 20 percent increase in the group's assets over the past decade and the 14 percent growth in net worth each year. "Today, the streamlined OFC is a major shareholder in a diversified group of Saudi companies pursuing business activities in sectors where we have management expertise, and where we believe opportunities exist," he says.

• The Hotel Inter-Continental Jeddah opened this year as one of the city's new flagship hotels. It has 353 rooms and suites, all with balconies, and overlooks the Red Sea. It is only a short drive from the city's business district and is near the new Chamber of Commerce and Industry building. The hotel also has 26 furnished apartments for long-term guests. The hotel is managed by Johnny A. Fataleh, who formerly managed the award-winning Regency Inter-Continental in Bahrain.

• Another hotel popular with businessmen because of its location in Jeddah close to the business quarter is the 210-room Marriott. The Marriott in Riyadh has 408 rooms and is located near several ministries and banks. Both hotels have been undergoing refurbishment to upgrade and improve their rooms and services and to provide conference facilities for both large and small meetings.

• Saudi Arabia is to invest around \$37 billion on construction projects during the next five years. One company sure to benefit is the Riyadh-based Abdullah Said Bugshan & Bros., agents for Komatsu, which manufactures a range of heavy earth-moving equipment. The company, which also has an office in Damman, also can supply generators and fork-lift trucks, and provides full service and spare parts.

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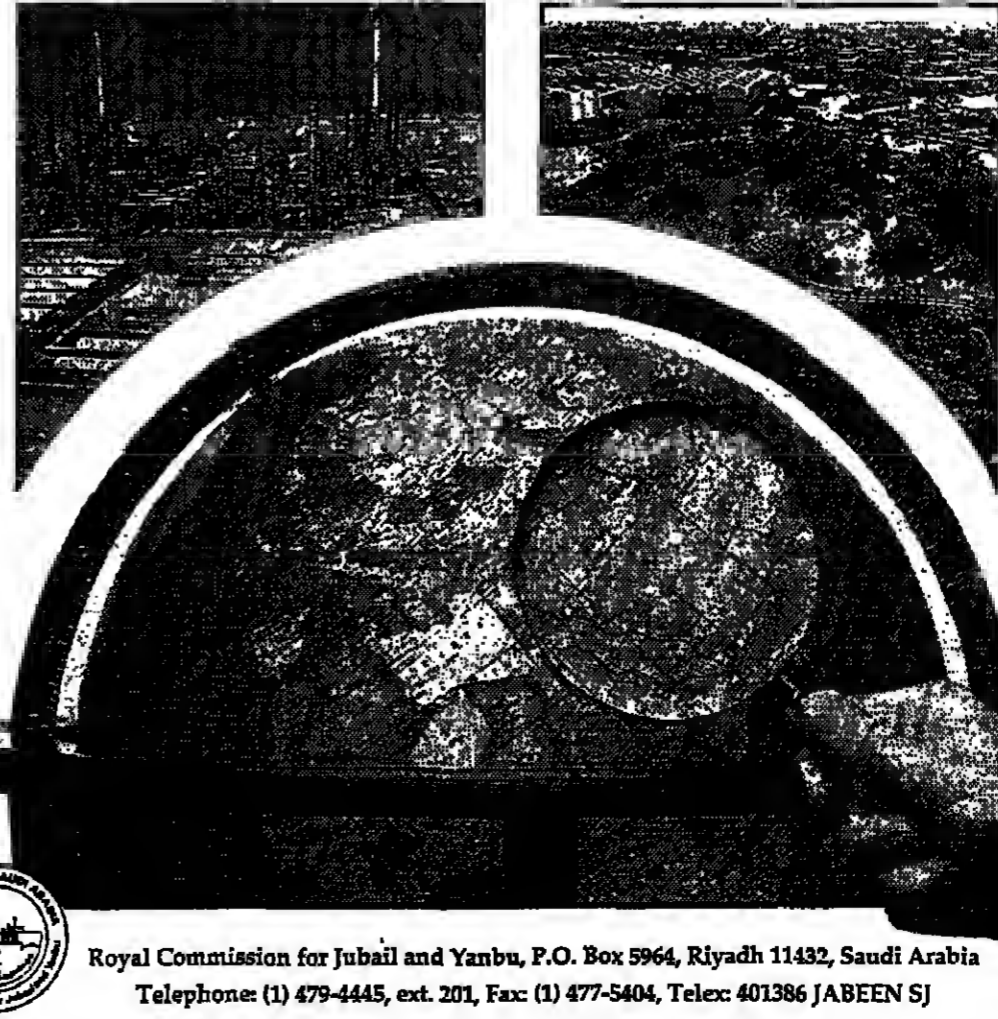
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# Five-Year Plan Focuses on Manufacturing

The goal of Saudi Arabia's fifth development plan (1990-1995) is to achieve an annual growth rate of 7.8 percent in manufacturing mainly through private-sector investments in secondary and tertiary industries.

Planned investment for the period is more than \$11 billion (excluding the oil and gas sectors), of which \$7.6 billion is coming from the private sector. According to an economist at the National Com-

tries, foreign investment and joint ventures.

Several of the 15 world-class petrochemical, steel and other plants that are part of the Sabic empire are being expanded under a major investment program worth about \$7 billion to provide additional feedstock and secondary manufactures. Seven major petrochemical and allied plants are under expansion at Jubail on the Gulf coast.

One of the most significant expansion projects is the \$500 million financing package for the Saudi European Petrochemical Co. (Ibn Zahr). This will increase methyl tertiary butyl ether (MTBE) — the additive for lead-free gasoline — to 1.27 metric tons a year. In addition, a new polypropylene facility costing \$260 million, using Union Carbide's Unipol technology, is to be constructed nearby. When completed, it will become one of the world's largest Unipol polypropylene plants and will supply about 10 percent of total world demand. Ibn Zahr is a joint venture owned 70 percent by Sabic and 10 percent each by Arab Petroleum Investment Corporation (Apicorp), Neste Oy of Finland and Ecofuel of Italy. At present, Sabic provides about 5 percent of all petrochemicals in the world, representing about 10 million metric tons of products, to customers in 67 countries.

Another new plant in Jubail that began production earlier in the year is Gulf Epoxy, with a production capacity of 30,000 metric tons a year. The epoxy is used to coat metal concrete reinforcing bars used by Saudi Aramco and Sabic's affiliated companies. The bars, or building iron, are manufactured by Hadeed, a Sabic subsidiary, on the primary indus-

trial estate at Jubail. Because of the harsh salt-laden environment, concrete and metal corrosion are major problems in the construction industry. The new Gulf Epoxy plant is designed to coat the reinforcing bars with varying thicknesses of epoxy from between 8mm and 57mm (.31 to 2.2 inches) thick in accordance with the American Standards for Testing Materials (ASTM). Royal Commission officials predict an expansion of the plant to meet increasing demand for corrosion protection.

Typical of the kind of joint ventures with foreign companies and transfer of technology that the Royal Commission is trying to encourage is the planned Arab Pesticide Industries Co. (Mobeed) plant. This will be built on a 5.5 hectare (13.5 acre) site in Jubail's second industrial park. It will manufacture 7,000 metric tons a year of pesticides and micronutrients at an ancillary plant. Technology is being supplied by the Dutch company Cebecco, with financing for the \$22 million joint-venture operation coming partly from the Jeddah-based Dallah Al Baraka Group. Mobeed is expected to come on stream in 1994 and is predicting a sales potential of \$32 million a year for its products on the domestic market, with a small proportion going for export.

More foreign technology is coming from Buss AG of Switzerland, which has formed a joint venture with the Saudi Bin Ladin Group to start a \$10.1 million amino molding plant in Jubail. It will use state-of-the-art technology and is expected to start production in the middle of next year. Target capacity is 2,600 metric tons a year of melamine formaldehyde molding compound

(MFC) and 1,000 metric tons of urea formaldehyde molding compound (UFC). This will be the first plant of its kind built in the kingdom, and it is expected to provide 100 percent of domestic needs. First-year sales are expected to reach \$4.6 million.

MFCs are used mainly for manufacturing household utensils such as cups, saucers, ashtrays and dinner sets. UFCs are used to produce a wide range of electrical industry products such as switches, plugs, sockets and telephone handsets. There are about seven companies in the kingdom manufacturing these items, and they will now be able to get their raw materials — UFCs and MFCs — from the new plant and thus be less dependent on imported materials. The major feedstock for the amino



A school in Jubail: education is a top priority.

molding process — melamine, urea and formaldehyde — will come from the Saudi Formaldehyde Chemical Co. and other Sabic companies in Jubail. The Royal Commission has also been keeping abreast of social and wel-

fare demands as the twin cities continue to expand. This has meant more housing, hospitals and schools as well as new shopping malls for Jubail's 42,000 residents and 30,000 daily commuter workers.

# Offset Program Serves as Catalyst

The world's second-largest pharmaceutical company, Glaxo, has scored a major breakthrough in Britain's \$5 billion offset defense program with the granting of a license to build a new \$20 million factory at Jeddah. Production is expected to start in 1994.

The project, part of Britain's Al Yamamah offset program, is one of many that have been under consideration for some time as part of the offset programs

## Projects not limited to the military

being put forward by the United States, Britain and France in an "arms-for-technology" deal worth billions of dollars in possible new joint ventures. It has given a boost to the somewhat flagging progress being made by the various programs that were originally conceived as a gateway to a new age of industrialization and high-tech development in the kingdom.

Hughes Aircraft Systems, through its local company, Hughes Saudi Arabia, took over the second stage of the U.S. Peace Shield Program after Boeing withdrew from the project; Hughes is planning to invest more than \$800 million in new projects. Peace Shield, unlike Al Yamamah, focuses exclusively on military projects.

A third offset program, Sawari II, has been developed by France. Thomson-CSF has agreed to invest 35 percent of its military contracts in supplying three Lafayette-class frigates for non-military use. The program, which could amount to around \$2.8 billion worth of business, has about 40 proposals on its wish list, ranging from potato freezing plants to the manufacturing of smart cards. The farthest along is a joint venture between Thomson and a local group, Shaico, for a gold-refining project valued at around \$48 million.

Under the terms of Saudi Arabia's various agreements with these foreign companies, 35 percent of the total defense-contract value has to be reinvested in new projects in the kingdom. "We are looking at Saudi Arabia as a 10-year program as far as joint ventures are concerned. The offset is acting as a catalyst for us because we have taken on an obligation to get things moving," says a Hughes spokesman in Riyadh.

Hughes is concentrating on the communications sector and also, because of its parent company, General Motors, on projects to produce automotive spare parts, including a battery factory. It may even look at a major auto-assembly operation that could export to other Gulf countries.

Saudi Arabia currently imports about 157,000 vehicles a year, about 60 percent of the total sold to Gulf countries. Hughes is also considering a factory to manufacture mobile-communications units, satellite communications and packet-switching systems in Saudi Arabia. "We have also identified certain software development as an area in which we might get involved here," adds the Hughes spokesman.

Most of the potential projects have a connection with the military sector but are not specifically limited to that area. One plan is to link up with a \$20 million joint-venture company, International Systems Engineering (ISE), which was originally established with six local computer companies. This would give Hughes the opportunity to bid on a local basis for software contracts related to Peace Shield 11 — command, control and communications for airborne warning and control systems (AWACS).

There are currently five Peace Shield projects existing or planned. The most advanced is the Al-Salam Aircraft Company, a massive maintenance in-

station under construction at King Khaled International Airport in Riyadh. When completed by the end of 1993, the nine aircraft hangars will each be capable of housing one Boeing 747-400. The first three hangars are due to come into service any time now.

"Although Al-Salam's facility will compete with major facilities in Europe, Singapore, Australia and North America, our first goal is to provide for Saudi Arabia's own needs," says an Al-Salam official. Saudi, the national airline, holds a 25 percent share of Al-Salam, which is capitalized at \$80 million. Saudia plans to use the maintenance base to service some of its own aircraft.

In a second project, Aircraft Accessories and Components Company (AACC), a manufacturing plant is being established to produce parts for use by Al-Salam in its maintenance program. Another related project is the \$47 million Advanced Electronics Co. (ACE), which has already been operating from temporary facilities at King Khaled Airport, producing high-tech communications and other electronic devices for the aviation field.

A factory to maintain and overhaul gas turbine engines, the Middle East Propulsion Center (MEPC), has been under consideration for some time but, according to local sources, is unlikely to go ahead at present. The British Al Yamamah program has had a rocky start, with 22 proposals under consideration.

The British partners for three of the schemes first suggested as long ago as 1988 have either gone into liquidation or withdrawn. The "wish list" for projects drawn up by the troubled British Aerospace group (BAE) includes various projects, from a polyethylene plant to an aluminum smelter.

The big breakthrough came with the approval of an industrial license by the Saudi Government for the Glaxo pharmaceutical group's factory in Jeddah in a joint venture with Saudi Import Company (SIC) of Jeddah, Glaxo's agents. "It seemed an obvious, if not inevitable, step to form a closer partnership," comments Abdel Salam Banaja, chief executive of SIC, now one of the kingdom's biggest distributors of pharmaceutical products.

Nevin Bradford, general manager of Glaxo in Saudi Arabia, adds, "We are delighted to be the frontrunner in the offset program. The granting of the industrial license is a significant milestone, and we are now pressing ahead as quickly as possible with implementation."

He also has a word for critics of the program: "The benefits of offset have been clearly demonstrated by our experience, and I would not hesitate to recommend it to other companies considering joint ventures in the kingdom." Glaxo has been selling its products in Saudi Arabia for more than 50 years. The new factory will manufacture an extensive range of items utilizing state-of-the-art technology. Main products will include Zantac, an anti-ulcer drug, and Ventolin, used for treating asthma. These are two of Glaxo's best-known pharmaceuticals.

Two other projects that are expected to go ahead in the near future are a joint venture between BAE and the Italian group Tecnomeira to manufacture marble laminates for building surfaces, and a joint-venture soybean processing plant involving Brooker Tateck (Britain) and Savola, a Jeddah-based company.

# Ambitious New Programs

Continued from Page 7

proach. "After all, we are a very new country, perhaps rather set in our ways," says one leading Saudi businessman who firmly supports the need for greater pluralism in government. "Most of our people have little idea what democracy means; they are like children except for the relative few in our society who have traveled and perhaps had experience of the Western systems. We still have to teach our people what it means and how to use it when they have it."

While Saudi Arabia adopts a softly-softer approach toward its domestic affairs, it has taken a much more aggressive approach to its economic and social development. With oil production running at 8.5 million barrels a day, it is the largest oil exporter in the world. Following a massive capital expenditure program totaling more than \$43.6 billion by the oil agency Saudi Aramco, oil production will rise to 10.5 million barrels a day by 1995 and a further 2 million by the year 2000.

Samarec, which now operates refineries and markets refined products, is spending some \$5 billion on upgrading its refineries to make Saudi Arabia the world's largest producer of lead-free gasoline. Saudi

Arabia is also investing in and developing more refineries and marketing outlets overseas in much the same way Kuwait did before the Gulf War. The idea is to create a market for oil "from the well to the wheel." The company has a joint venture, Star Enterprises, with Texaco in the United States, and a stake in two refineries in Korea through another joint-venture company, Han-Saudi Oil Refining Co. It is also looking at other possibilities in Japan and Europe.

SABIC (Saudi Basic Industries Corporation), which has 16 major capital investment plants in downstream industries, steel and aluminum, now produces between 6 percent and 10 percent of all the world's petrochemicals. With the help of the Royal Commission for Jubail and Yanbu, it is trying to encourage more foreign participation in the transfer of technology and new joint ventures for downstream secondary and tertiary industries.

A major priority in the kingdom at the moment is to create new jobs for the thousands of graduates leaving Saudi universities and colleges for further education. It is estimated that about 300,000 new jobs are needed each year. As Saudi Arabia develops an improved skill base, more and more Saudis are

now finding employment as expatriates are gradually displaced from managerial and supervisory posts.

This year has seen a period of unprecedented activity on the Riyadh stock exchange, where many flotations and privatization issues have been launched. The government has embarked on a policy of encouraging the private sector to play a greater role in the development of industry, particularly in non-oil-related sectors. Commercial banks estimate that following the liberation of Kuwait, there was a dramatic return of flight capital, and the banking system had about \$40 billion in liquidity earlier this year.

While Saudi Arabia has had to go to domestic and international markets to borrow around \$7 billion because of the extraordinary costs of the Kuwait war, estimated at \$70 billion overall, the underlying strength of the economy can only be said to be increasing, provided that oil prices remain at their present levels. As far as the Saudis are concerned, there is little reason to expect any dramatic changes. What they are worried about, however, is the discussion about carbon taxes, gasoline taxes proposed by the EC and the United States, which might reduce demand.

Lee Voysey



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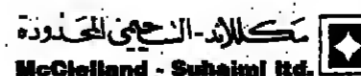
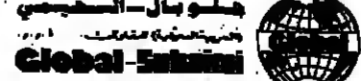
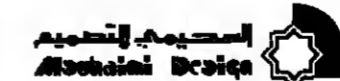
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## Riyadh Restores Its Ancient Buildings

The ancient center of Riyadh was the seat of government long before Saudi Arabia was united as a single kingdom 60 years ago. This year, the \$80 million first phase of a major restoration project, located in the Kasr al-Hokm district around the old Masmak Fort, was completed and has become one of the focal points of the city.

The construction along traditional lines of the Governorate Palace in the Kasr Al-Hokm complex, which also contains the huge Imam Turki bin Abdullah mosque, is the centerpiece of the multimillion dollar project. Surrounded by piazzas, arcades, fountains, flowerbeds and palm

trees, the project was officially opened by King Fahd bin Abdul Aziz, Custodian of the Two Holy Shrines, last March.

### Old city center being brought back to life

The Kasr al-Hokm redevelopment program was masterminded by the High Commission for the Development of Arriyadh (the old, preferred name for the capital). It covers an area of 45 hectares and also includes the Kasr al-Hokm (the Justice Palace and square) itself, the municipality offices, the police station, the Masmak Fort and many other historic buildings.

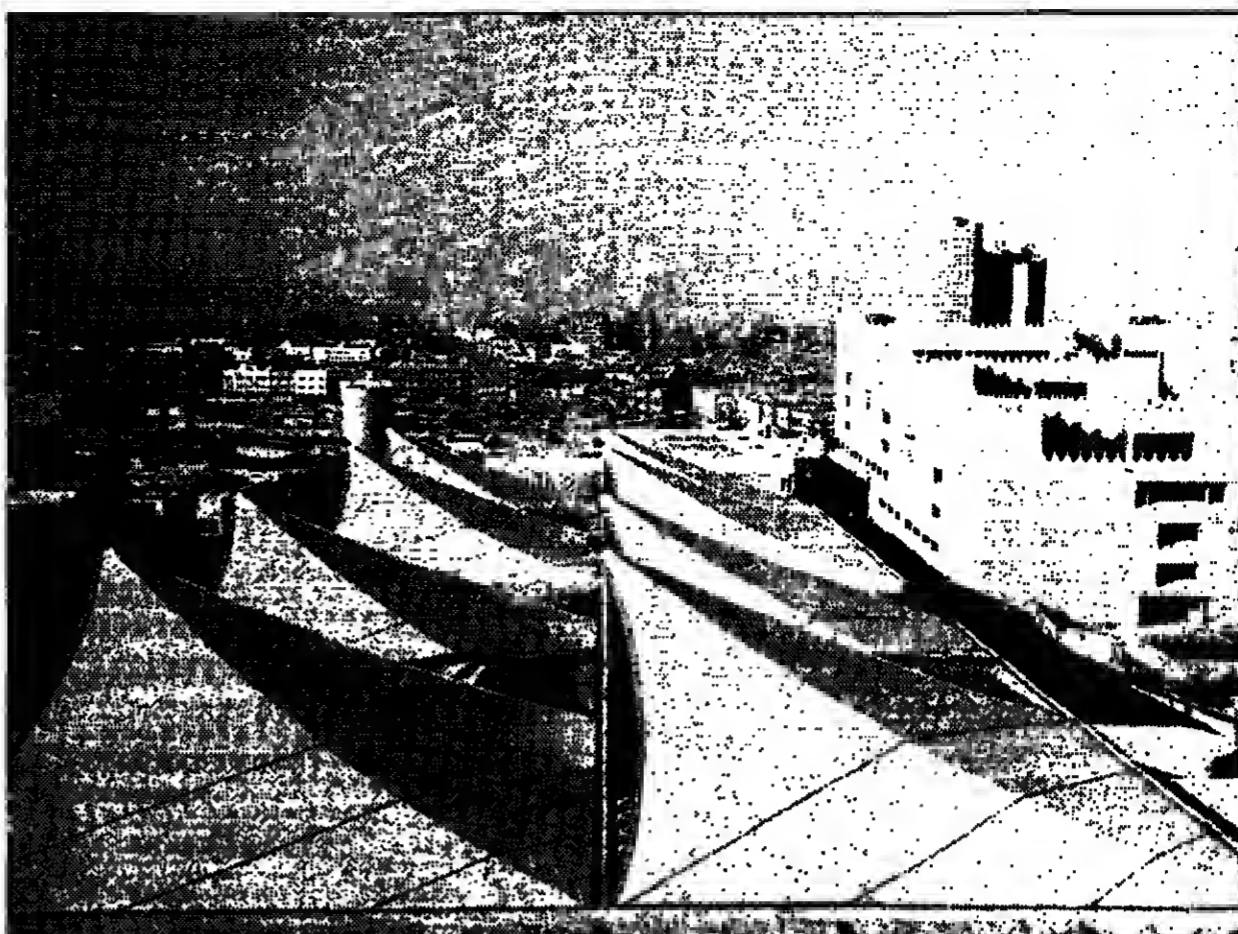
The old city walls with their fortified gates have been replicated and in a few places restored. At the time of Abdul Aziz's midnight raid on the fort in 1902, Arriyadh was a relatively small town with a population of 30,000 living in mud-walled houses surrounded by fortifications. Much of the old town has been swept away by an invasion of modern concrete and glass, and the challenge

facing the High Commission was to blend old and new styles of architecture and construction. The commission selected the traditional Nejd style with plain walls and mud-red-colored rendering on stone and concrete.

The whole administrative district is on several levels connected by long stairways and terraces. There is a low irregular building line of crenellated walls and tiny triangular or square openings (the Nejd style), which contrasts sharply with the modern high-rise towers. The new covered soukhs, such as the main Dirah Soukh with its tent-like roofs, blend in with the central development. Other areas have been selected as sites for markets to try to encourage more traders to come into the center of the city and create a "living" environment.

Speaking about the rebuilding of Kasr al-Hokm, Abdullatif Al Shaikh, president of the Arriyadh Development Authority and a member of the High Commission, says the objective in coming years is to focus on the quality of life, environmental issues and the enhancement of natural features. In a recent interview in "Enterprise Al Yamamah," he added: "We are trying to control and guide urban growth and also preserve the city's heritage."

We believe our designated urban limits and the strategy for growth management should give us a better scheduling for utilities and public facilities."



Ancient and modern: the tent-roofed Dirah Soukh in the rebuilt Kasr al-Hokm district of Riyadh blends in well with the city's traditional architecture.

L.V.

## A Local Company With a Global Network

It is rare to find a Saudi electronics company. If an existing product can't be made better, Electronia won't make it."

The company also has a flexible philosophy and is able to adapt to the needs of the local market. It has followed this policy because it found that imported equipment often could not be integrated into turnkey systems. It discovered that the "one size fits all" product did not work and decided to examine each new product or project on its merits and design a customized solution.

Husain companies manufacture and market products ranging from touch-screen communications systems and mobile satellite stations to speech encryption systems. Much of the group's success has been achieved through identifying niche markets and through the perceptiveness of its founder, Ish-tiaq "I" Husain. He has built up the company from a one-man operation to an organization employing a staff of more than 200 with 15 facilities throughout the world.

Mr. Husain founded his first company, Arabian Electronics, in 1961, and two years later became the agent for General Electric Mobile Communication's products. He adapted these to the needs of the local market and installed communications systems throughout the kingdom, thus gaining a 90 percent share of the market. The group's latest venture in Saudi Arabia, Electronia, was founded three years ago in Dammam. Tariq Husain, Electronia's vice president for business development, says the company's aim is not to compete in the open market. He explains, "We do not have any direct competition because our policy is only to design and manufacture products that are not offered by any other

electronics company. If an existing product can't be made better, Electronia won't make it."

which offers a range of health-care and educational products and services. AAE Systems Inc. of Sunnyvale, California develops mobile-earth satellite stations and offers turnkey communications systems to South America, Africa and the Middle East.

Apart from Electronia, the group has a number of other subsidiaries in Saudi Arabia, including KTI, which builds and erects communications towers, and TCI Medical Systems, which specializes in high-

tech medical equipment. The Husain group has developed into one of the few entirely private multinational Saudi corporations, yet it still retains a high proportion (about 80%) of Saudis in its administrative and managerial staff.

Mr. Husain is more than optimistic about the future. He believes that there will be a spurt of activity in Saudi Arabia's telecommunications market, particularly in the areas of mobile and data communications. These alone account for an estimated 17 percent of the overall Middle East communications market up to the year 2000. According to the U.S.-Arab Chamber of Commerce, key products will include two-way radio communications, radar and air-traffic control systems, mobile telephones, telex and fax machines, coin-operated telephones, videotex systems, paging and cable television networks.

L.V.

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London. Tel: 222 40 00. Prices may vary according to market conditions and other factors. Dec. 4

Dollar Straights

Issuer Cn Mat Price Yld Spd

Governments/Supranationals

Table of bond prices for governments and supranationals, including entries for USA, Canada, UK, France, Germany, Italy, Spain, Portugal, Greece, Ireland, Belgium, Luxembourg, Netherlands, and others.

Table of bond prices for various international governments and supranational entities, including entries for Australia, Austria, Denmark, Finland, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, Taiwan, Thailand, and others.

Global Corporates

Table of bond prices for global corporate bonds, listing various companies and their respective bond details.

Dollar Zeros

Table of zero-coupon bond prices in dollars, listing various issuers and their bond details.

High Yielding Debt

Table of high-yielding debt bond prices, listing various high-risk corporate and government bonds.

Floating Rate Notes

Issuer Cn Mat Price Yld Spd

Deutsche Marks

Table of floating rate notes and Deutsche Marks bond prices, listing various issuers and their bond details.

Pounds

Table of bond prices in pounds sterling, listing various issuers and their bond details.

Dollars

Table of bond prices in dollars, listing various issuers and their bond details.

ECUs

Table of bond prices in ECU (European Currency Unit), listing various issuers and their bond details.

NEW YORK (AP)

Financial news and market commentary from New York, including reports on bond market activity, interest rate movements, and economic indicators.

MUTUAL FUNDS

Figures as of close of trading Friday, Dec. 4

Large table of mutual fund prices and performance data, listing various fund names, their assets, and recent price changes.

(Continued on next page)



New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup., Price, and Terms. Lists various international bond issues from entities like Bankers Trust New York, Credit Local de France, and General Electric Capital Corp.

Bond Market Is Cool to Bentsen as Treasury Chief

NEW YORK — The apparent decision by President-elect Bill Clinton to nominate Lloyd Bentsen, chairman of the Senate Finance Committee, for Treasury secretary brought mostly unhappy reactions from economists and bond traders.

Stone & McCarthy Research Associates found that 170 favored Paul Volcker, the former Federal Reserve Board chairman, for the job, while only 16 backed Mr. Bentsen.

Mr. Bentsen is "generally viewed as someone who could effectively put Clinton's economic program through Congress."

The market took a brief early hit on November's stronger-than-expected employment report, but traders said it rebounded quickly after a closer look at the numbers and on speculation the data would limit any Clinton stimulus plan.

Bonn Is Seen Winning EC Central Bank

LONDON — Bonn is expected to be named the headquarters for the European Community's future central bank under a deal to be presented at the EC summit meeting in Edinburgh this week, the Sunday Times said.

The Week Ahead: World Economic Calendar, Dec. 7 - Dec. 11

Table listing economic events for Asia, Europe, and Americas from Dec 7 to Dec 11, including events like Hong Kong survey results, EC farm ministers meeting, and US Treasury release.

Americas

Dec. 7 Washington Fed reports September consumer installment credit. Outlook: \$300 million increase.

Europe

Dec. 7 Brussels EC farm ministers meet. Agenda: Clarifying positions of member states on GATT.

Kuwaitis Call for a More Open KIO

KUWAIT — The collapse of Kuwait's investments in Spain brought calls over the weekend for the punishment of those responsible, as well as the removal of the shroud of secrecy surrounding the country's overseas holdings.

MUTUAL FUNDS

Table listing mutual fund performance figures as of close of trading Friday, including categories like Bond, Equity, and Money Market funds.

Last Week's Markets

Table showing stock indices (DJ Industrials, DJ UHL, etc.) and money rates (Discount rate, Prime rate, etc.) for the week ending Dec 4.

REACHING THE EUROPEAN LEADERSHIP

Board Members of International Companies. A promotional message for the International Herald Tribune, highlighting its reach to European business leaders.

BONDS: Japan Inc. Strains to Refinance a Load of Equity-Linked Debt

(Continued from first finance page) 30 dropped 15 percent to \$2.1 billion after sending 56.7 percent in the year ended March 31.

There is little prospect of Japanese banks being able to satisfy much of the need for capital. They are already struggling to meet the Bank for International Settlements' capital adequacy requirements by March 1993.

MOB: The Threat to Japanese Business Is Still Strong

(Continued from first finance page) sunglasses and jewelry meant to show every yen of its worth. It is a look that says the sokaiya do not mind standing out — one reason they can seem so menacing in this conformist society.

There are many types of sokaiya, but their principal method is intimidation. They generally do not use violence, but rather threats of physical force.

FRANC: Weakness Is Expected

(Continued from first finance page) not the economy, but rather Swiss unity, because of the deep divide between German Swiss and French Swiss public opinion. The former is against the European Economic Area and the latter supports it.

A study commissioned by the Swiss government found that EEA membership would have added 0.5 percent to economic growth in coming years through increased trade and open access to a bigger market in services.

Euromarkets At a Glance

Table showing Eurobond yields for various maturities (Dec 2, Dec 21, Dec 31) and currencies (U.S. \$, Sfr, Yen).

Weekly Sales

Table showing weekly sales figures for various publications, including International Herald Tribune, BusinessWeek, and others.

Libor Rates

Table showing Libor rates for various currencies (U.S. \$, Deutsche mark, Pound sterling, French franc, Yen) and maturities (3 months, 6 months, 9 months, 12 months).

BusinessWeek International

Advertisement for BusinessWeek International, featuring the headline "This week's topics:" and listing articles such as "Move Over, Boomers, The Busters Are Here" and "Europe's Chipmakers: A Dream Deferred".

Advertisement for the International Herald Tribune, featuring the headline "REACHING THE EUROPEAN LEADERSHIP" and "Board Members of International Companies". It includes a list of board members and contact information.

WORLD STOCKS IN REVIEW

Via Agence France-Press

Amsterdam

Demand for cyclical stocks drove shares higher amid heavy trading, brokers said. The CBS all-share index closed at 196.0 points, up from 193.6 the previous Friday. Total share volume was 3.32 billion guilders, up from 2.8 billion the previous week. Kampen & Co. brokerage predicted profit-taking this week and warned that further upside potential was limited.

Frankfurt

Prices in the stock market were little changed as hopes for a cut in interest rates before the year-end disappeared. The DAX spot index finished on Friday at 1,522.16, down less than a point from the previous Friday. Volume on the eight German exchanges totaled 25.1 billion Deutsche marks, up from 23.8 billion the previous week. "The market is just marking time," WestLB bank commented. "Operators finally gave up any hope of seeing the Bundesbank lower key interest rates before the

end of the year, and there is still no positive news on the economic front."

Hong Kong

Panic selling wiped 12 percent off share prices as the British-Chinese row over the future of Hong Kong escalated. The Hang Seng index plummeted 718.57 points to close the week's trading at 5,268.10. Heavy selling pushed average daily turnover up sharply to 4.095 billion Hong Kong dollars. The crisis in confidence stemmed from statements by Beijing that all contracts signed with the British colonial administration without China's approval would not be honored after the Chinese takeover in 1997. By Thursday near panic had set in and the index plunged 433.44 points. Big investors went bargain-hunting Friday and the index rebounded 289.89 points. But volatility was likely to continue in the short term with the retail sector the most vulnerable to political developments, brokers said.

London

Share prices hit record highs on signs of a pick-up in the British economy and a recovery in the United States, before slipping back to finish virtually unchanged on the week. The Financial Times-Stock Exchange 100 index closed at 2,759.4 points on Friday, down 0.7 point on the week. The blue-chip FT-30 index gained 4.9 points to 2,062.4. Monday's money supply figures encouraged hopes of an uptick in consumer spending and sustained the rally that had started at the end of the previous week. On Tuesday, the FT-SE 100 touched an all-time 2,794.7. But prices slipped back on profit-taking and ended the week on a downward note after the chancellor of the Exchequer, Norman Lamont, said the pound had "fallen far enough," effectively ruling out an early cut in interest rates.

Milan

The political and economic crisis in Italy hit stock market sentiment and leading shares lost 4.24 percent

Paris

Indications of the French and German authorities determination to defend the franc within the European monetary system boosted the bourse. The CAC-40 index gained 1.83 percent, extending gains on the December account to 3.55 percent.

Singapore

Prices eased in trading that was extremely cautious, overshadowed by the slump in Hong Kong. The Straits Times industrial index lost 5.62 points to close Friday at 1,442.34, while the SES All-Singapore index dipped 0.5 to 379.85. Dealers said major institutional investors had temporarily ceased activity, removing a key element of support from the market.

Tokyo

Share prices finished lower as participants refrained from active investment and decided to bank profits following recent gains. The Nikkei average of 255 issues closed Friday at 17,295.69 yen, down 174.92 yen or 1 percent from the previous week. The Tokyo Stock Price Index, based on all first-section issues, finished at 1,302.85, down 4.69. Losses were cut after the lower house of parliament approved bills for the government's supplementary budget. But the slide in Hong Kong stock prices and the release of gross national product figures, which showed a drop of 0.4 percent in the September quarter.

Zurich

Shares prices firmed steadily after a hesitant start to the week, although volume was low as international operators stood aside ahead of Sunday's vote on joining the European Economic Area. The Swiss Performance Index closed Friday at 1,538.79, up 20.02 points on the week.

Chinese Firm Hits It Big In Share Sale

Compiled by Our Staff From Dispatches HONG KONG — An initial public offering of shares by Guangzhou Investment, a China-controlled real-estate company, was heavily oversubscribed despite its coincidence with last week's plunge in Hong Kong share prices, the company said Sunday. Guangzhou Investment said that for the 382.5 million shares on offer at 1.05 dollars (14 U.S. cents) each, it had received applications for 88.15 billion shares, or about 230 times more than were available. Guangzhou Investment, which is controlled by the Chinese city of Guangzhou, has seven properties under development, five in Hong Kong and two in Guangzhou. It also owns three other sites in the Chinese city. Meanwhile, the Hong Kong government said it had decided to proceed with the sale of Overseas Trust Bank, which it declared insolvent and took over in 1985. (Bloomberg, Reuters)

BUSINESS BRIEFS

American Express Chairman to Go

NEW YORK (NYT) — American Express Co. said over the weekend that it had begun to seek a replacement for James D. Robinson 3d, its chairman and chief executive for 15 years. Mr. Robinson is participating in the search and will step down when a successor is chosen. Company spokesmen confirmed Saturday that a search for a successor had begun after Fortune magazine said its Dec. 28 issue would report that a boardroom "coup" had ousted Mr. Robinson. But the alleged leader of the move, Rawleigh Warner Jr., a member of American Express' board, said: "This is an orderly succession process initiated by and managed by Jim Robinson. To characterize it in any other way is totally inaccurate."

China Eases Way for Formosa Plastics

TAIPEI (Bloomberg) — Formosa Plastics Group has won a key concession for a proposed a multibillion dollar petrochemical project in China. Chairman Y. C. Wang said Saturday that Deputy Prime Minister Zhu Rongji of China had promised FPG permission to set 100 percent of production within China, so long as Beijing was allowed to take an investment stake in the project. FPG had set aside a \$7 billion petrochemical complex in Fujian Province because authorities would not give the company permission to sell more than 30 percent of its output in China.

Argentina Signs \$29 Billion Debt Deal

BUENOS AIRES (AFP) — President Carlos Saul Menem signed an agreement Sunday with the country's creditor banks allowing for a refinancing of \$28.8 billion in debt. The accord effectively reduces the amount of capital owed by Argentina by more than 12 percent.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Dec. 4.

Table with columns: Symbol, Price, Change, Volume, etc. Lists various OTC stocks and their performance.

Table with columns: Symbol, Price, Change, Volume, etc. Lists various NASDAQ stocks and their performance.

Table with columns: Symbol, Price, Change, Volume, etc. Lists various NYSE stocks and their performance.

Table with columns: Symbol, Price, Change, Volume, etc. Lists various international and other market stocks and their performance.

(Continued on next page)

Handwritten note: "Joyful nights"

MONDAY SPORTS BASKETBALL

Giants and Bonds Tentatively Set on \$43 Million Deal

LOUISVILLE, Kentucky — The San Francisco Giants have decided to make Barry Bonds the highest-paid player in the history of major league baseball...

Lemieux Has 7-Point Night

Mario Lemieux tied a career high with six assists and played a part in all five of Pittsburgh's power-play goals...

NHL HIGHLIGHTS

left to play. The seven-point night gave him a league-leading 75 points in 28 games.



Thomas Hill driving past Michigan's Jalen Rose, 5, in the first half of Duke's 79-68 victory.

Jordan and Bulls Are Back

Michael Jordan was back, scoring 10 of his 24 points in the fourth quarter and so were the Chicago Bulls, who posted a 96-59 victory over the visiting Boston Celtics.

practice with a strained arch in his left foot, was coming off a 39-point performance Friday night against Portland. He claimed that the lay-off "caught up to me. It affected my shooting. I had no rhythm."

Kelke 111, Backs 98: Anthony Mason scored a career-high 25 points, Charles Smith scored 23 and Patrick Ewing 20 as New York's five frontcourt players outscored visiting Milwaukee's six big men, 81-58.

Duke and Kansas Upset Michigan and Indiana

Compiled by Our Staff From Dispatches The rankings went out the window when the No. 1 and 2 of college basketball met the third- and fourth-ranked teams.

Michigan, 1-1, the team that shocked the college basketball world last year with five freshmen and has its utmost respect now that they are sophomores, committed 19 turnovers and made just 4 of 11 free throws.

the Longhorns, 2-1, in the first-ever meeting between the two schools. Iowa 69, Mississippi State 54: In Iowa City, Acie Earl scored 19 points, grabbed 13 rebounds as the No. 10 Hawkeyes, 3-0, whipped the Bulldogs, 2-1.

COLLEGE BASKETBALL scored 18 points and led 12th-ranked Louisville to victory over No. 18 Michigan State.

Angela, Shon Tarver scored six of his 19 points in a 16-4 run late in the first half as 16th-ranked UCLA moved ahead to stay. Ed O'Bannon added a career-high 20 points and also had 10 rebounds for the Bruins, 4-1. DeWayne Lewis led all scorers with 25 points and also had a game-high 15 rebounds for the Broncos, 1-1.

UNLV 84, Loyola-Marymount 80: In Los Angeles, Rollic Massimo's debut as UNLV coach was a success as J.R. Rider scored 20 of his 29 points in the second half to lead the 23rd-ranked Rebels, 1-0.

NASDAQ NATIONAL MARKET

Table with columns for stock symbols, prices, and market activity. Includes sub-sections for OTC Consolidated trading and various stock listings.

Table with columns for stock symbols, prices, and market activity. Includes sub-sections for various stock listings and market data.

Table with columns for stock symbols, prices, and market activity. Includes sub-sections for various stock listings and market data.

# MONDAY SPORTS SKIING

## Catching a Mental Edge, Tomba Is Surprised by a Swede

By Christopher Clary  
New York Times Service

VAL D'ISERE, France — The finish line at Sunday's World Cup slalom was swash with colorful flags: green, white and red for Italy's most famous export, Alberto Tomba; blue, white and red for local hero Patrio Bianchi.

But when the second run concluded, and the winner climbed the podium to claim his check, only two colors were still flapping in the light Savoy breeze: the blue and yellow of Sweden.

"For the second straight week, the slalom had produced a surprise. Last Sunday, in the season opener at Sestriere, it was little-known Italian Fabrizio Testa, who upstaged his charismatic countryman. This Sunday, it was little-known Tomas Fogdö's turn to wreak havoc on the hierarchy.

"I would not have dreamed this," said Fogdö, a 22-year-old from the northern Swedish city of Gallivara. "I was hoping to finish between five and 10."

Tomba, as usual, was hoping to finish first,

but he could no better than seventh, completing two runs in a combined 1:35.70, nearly a second slower than Fogdö's winning 1:34.76 and more than a half-second slower than Thomas Sykora and Hubert Stroz, both of Austria, who placed second and third.

"This is not possible," said Tomba, as he was engulfed by the customary hordes of inquiring Italians. "Third or fourth, maybe. But seventh, not possible."

In nine World Cup slaloms last season, Tomba won six times and never finished lower than third. He also won a gold medal in the giant slalom and a silver in the slalom at February's Winter Olympics. The gold, which was the third of his memorable career, came on this very same slope.

But *la dolce vita* does not necessarily lead a skier to champagne on the victory stand, even a lovable Italian. The large torch that housed Val d'Isère's share of the Olympic flame is now covered with snow, and Tomba is struggling, at least by his lofty standards. Although he placed

second in the giant slalom at Sestriere, he fell twice the next day and failed to finish the second run of the slalom.

Sunday, he was fourth after the first run and lost more ground in the second after barely surviving the fifth gate. Tomba blamed his performance on the course — "too much snow between the gates" — and on himself — "I made the wrong choice to start No. 1 for the first run because conditions were better later" — and then on a British television cameraman, Stuart Fitzsimmons, who, Tomba said, was following him too closely.

"It's impossible to race like this," Tomba shouted as he crossed the finish line. "He made me lose all my concentration."

[World Cup organizers said Fitzsimmons, a former member of the British World Cup downhill team, had broken competition rules by following Tomba down part of the course. Reuters reported.

[Officials said no one had been authorized to

follow skiers down the course, and that Fitzsimmons would be banned from future races.]

The Italian team did not file a protest, however. "Basically, the only thing that Alberto needs is to take away all this tension and preoccupation he has on himself," said Helmut Schmalz, the team's technical director. "His problems right now are much more mental than technical, but we also have to consider that last season he was out of this world. You can't expect that all the time."

Fogdö, a slalom specialist, also has felt the burden of high expectations. After winning the last slalom race of the 1990-91 World Cup season, in Waterville Valley, New Hampshire, he was billed as a rising star. But he could do no better than fifth in any race last season.

"I wasn't myself in run one. I was too nervous," said Fogdö, who was only 12th after Sunday's first run. "But in the second, I was less nervous, and I skied as I used to ski."

Fogdö did have time to get nervous once he reached the bottom. Eleven skiers had a chance

to better his time. After the first 10 failed, it was left to Bianchi, the Val d'Isère native who had been brilliant in recording the fastest first run.

With his fellow Savoys roaring, Bianchi effortlessly handled the top of the course and was a half-second ahead of Fogdö's pace at the midway point. But, suddenly, the roar gave way to a collective groan as Bianchi hooked his left ski around a gate and went sprawling.

"This is very difficult for me," Bianchi said as the lone Swedish flag waved. "It was a race in my home, in my back yard."

## Wachter Wins Women's Race

STEAMBOAT SPRINGS, Colorado — Anita Wachter of Austria capitalized on a fall by first-run leader Pernilla Wiberg of Sweden to win a women's World Cup giant slalom on Saturday by six-tenths of a second over surprising Sabina Panzanini of Italy.

Deborah Compagnoni of Italy, who tore knee ligaments at the Olympics, was third.

Of Wachter's 34 top-three finishes on the World Cup circuit, 12 have come in the United States, and two of her five victories.

She nearly lost control halfway through her first run. But recovered to trail Wiberg by only 18 seconds, then Wiberg hooked a gate and fell just seconds into her second run.

Swiss ace Vreni Schneider, who was 1.31 seconds off the pace after the first run, fell just seconds into her second run. First-run casualties included American Julie Parison and France's Carole Merle.

### SCOREBOARD

#### BASKETBALL

##### NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
Team	W	L	Pct
New York	10	7	.588
Orlando	8	6	.571
Boston	7	10	.412
Washington	4	10	.286
Miami	4	11	.265
Philadelphia	3	11	.214
Central Division			
Team	W	L	Pct
Chicago	11	4	.733
Milwaukee	10	5	.667
Cleveland	8	6	.571
Indiana	6	8	.430
Detroit	5	9	.357
WESTERN CONFERENCE			
Midwest Division			
Team	W	L	Pct
Utah	10	5	.667
Houston	8	6	.571
Denver	7	7	.500
San Antonio	4	9	.308
Minnesota	4	9	.308
Ogden	1	12	.077
Pacific Division			
Team	W	L	Pct
Portland	11	4	.733
Seattle	11	4	.733
Phoenix	10	5	.667
LA Clippers	6	6	.500
LA Lakers	6	6	.500
Golden State	6	6	.500

#### Major College Scores

EAST		WEST	
Boston College 64, Harvard 57	Columbia 61, Boston U. 60	Corneil 76, St. Francis Pa. 61	Georgetown 84, Southern Ind. 57
Harvard 85, Kent 61	Colo. St. 61, Illinois 51	Purdue 88, E. Tennessee 52, 74	Webster 81, E. Illinois 51
Colo. St. 61, Illinois 51	Carver Classic	Syracuse 84, Va. Commonwealth 81	Marist 78, Southern Miss. 69
Marquette 85, Marquette 85	St. Joseph's 81, Hartford 67	DeWitt 78, Morgan St. 85	Bocknell 86, North Texas 64
Wagner 81, Lehigh 75	Wagner 81, Lehigh 75	Wagner 81, Lehigh 75	Wagner 81, Lehigh 75

#### WORLD CUP RESULTS

Event	1st	2nd	3rd
Men's Slalom	Tomas Fogdö (SWE)	Alberto Tomba (ITA)	Hubert Stroz (AUT)
Women's Slalom	Anita Wachter (AUT)	Pernilla Wiberg (SWE)	Sabina Panzanini (ITA)

#### CAMPBELL CONFERENCE

North Division		South Division	
Minnesota 16, 7	33 100 82	Illinois 13, 1	21 102 112
Detroit 13, 4	20 85 81	Washington 10, 12	20 85 81
Toronto 11, 4	26 80 81	St. Louis 10, 2	22 100 106
Toronto Bay 10, 2	24 100 101	St. Louis 10, 2	24 100 101

#### SOCCER

ENGLISH PREMIER LEAGUE		FRENCH FIRST DIVISION	
Crystal Palace 2, Sheffield United 2	Queens Park Rangers 3, Oxford 2	Toulon 1, Nîmes 0	Paris 1, Nîmes 0
Sheff. Wed. 2, Blackburn 2	Leeds 2, Wimbledon 1	Toulouse 0, Monaco 2	Paris 3, Bordeaux 0
Leeds 2, Wimbledon 1	Sheff. Wed. 2, Blackburn 2	Paris 3, Bordeaux 0	Paris 3, Bordeaux 0

#### WORLD CUP QUALIFIER

Match	Score
Honduras 2, Costa Rica 1	1-0
Guatemala 2, El Salvador 1	2-1
Paraguay 2, Uruguay 1	2-1

#### FOOTBALL

Major College Scores		SUPER-G	
Army 25, Navy 24	Alabama 28, Florida 21	Jon Einar Thorsen (NOR)	1:34.76
Dalaware 48, Middle Tenn. 10	Morristown 35, Middle Tenn. 10	Thomas Sykora (AUT)	1:34.76
North Carolina 37, Wake Forest 21	North Carolina 37, Wake Forest 21	Hubert Stroz (AUT)	1:35.10

#### CRICKET

WORLD SERIES CUP		TRANSACTIONS	
Australia vs. West Indies	1-0	BASEBALL	MILWAUKEE—Agreed to one-year contract with Jeff Puckett, outfielder.
West Indies vs. Australia	1-0	MINNESOTA—Agreed to five-year contract with Kirby Puckett, outfielder.	

#### TRANSACTIONS

BASEBALL		HOCKEY	
MILWAUKEE—Agreed to one-year contract with Jeff Puckett, outfielder.	MINNESOTA—Agreed to five-year contract with Kirby Puckett, outfielder.	WALLES CONFERENCE	Pittsburgh 17, 7
MINNESOTA—Agreed to five-year contract with Kirby Puckett, outfielder.	MINNESOTA—Agreed to five-year contract with Kirby Puckett, outfielder.	Pittsburgh 17, 7	Washington 13, 2

### DENNIS THE MENACE



### JUMBLE

THE SCRAMBLED WORD GAME by Albert Einstein and Bob Lee

Unscramble these four anagrams. Write the answers in the boxes below.

EUQER

RAPIR

LEBIT

PANNKI

### PEANUTS



### BLONDIE



### BEEBLE BAILEY



### DOONESBURY



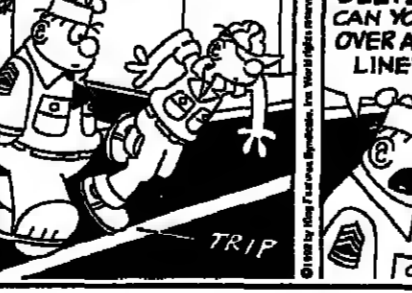
### CALVIN AND HOBBES



### WIZARD OF ID



### REX MORGAN



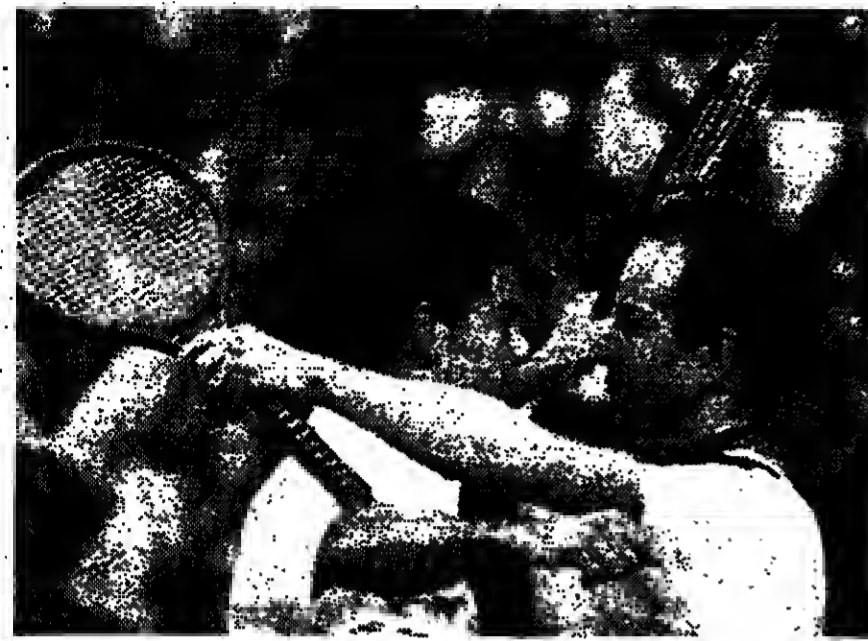
### GARFIELD



To our readers in Vienna  
You can now receive the IHT hand  
delivered to your home or office  
on the day of publication.  
Please contact Morawa - Vienna.  
Tel: 515 62 123

MONDAY SPORTS TENNIS

A Struggling Courier Brings Davis Cup Back to U.S.



Pete Sampras and John McEnroe embraced after clawing back from a two-set deficit.

The Associated Press FORT WORTH, Texas — Jim Courier rebounded from a slow start to beat Switzerland's Jakob Hlasek on Sunday, and the United States recaptured the Davis Cup. Courier played just well enough to win against a fatigued Hlasek, who fought gamely before fading, 6-3, 3-6, 6-4.

After both players bled sweat in the eighth and ninth games, Courier watched Hlasek's forehand return of serve float long on match point, and his teammates rushed onto the court and boosted him onto their shoulders.

occasion where the otherwise decorous game of tennis welcomes noise, this was a gallery that produced a clamor of hoots and yells.

successfully reouted his self-denigration and began to manhandle the Swiss.

Sugar Bowl Will Pit Miami and Alabama For Championship

The national championship showdown between top-ranked Miami and No. 2 Alabama became reality Sunday when the college bowl coalition placed the Hurricanes in the Sugar Bowl against the Crimson Tide.



SHOWING TOKYO HOW — Quarterback Matt Garber, running eight yards for a touchdown in the fourth quarter, kept Kansas State in the game, but No. 11 Nebraska was too much for the Wildcats and won, 38-24, on Sunday in the Tokyo Dome.

Jets Upset Bills, Dedicating Game To Injured Byrd

The New York Jets, emotionally changed by the paralyzing injury of defensive end Dennis Byrd, delivered a stunning 24-17 upset blow to the division-leading Buffalo Bills on Sunday.

Tidal Wave Of Defense

BIRMINGHAM, Alabama — Alabama's defense had gotten into the first Southeastern Conference championship game, and it was the defense that pulled the Crimson Tide through to victory.

SIDELINES

Japanese Sweep Nordic Combined VUOKATI, Finland (AP) — Kenji Ogijwara and Takao Kono of Japan finished 1-2 in the Nordic Combined World Cup opener Sunday.

Reynolds Gets Backing Against IAAF

LOUISVILLE, Kentucky (Combined Dispatches) — The U.S. governing body for track and field on Saturday pledged to oppose any attempt by the International Amateur Athletic Federation to further suspend the runner Butch Reynolds for his legal actions against it.

Frost Hits Golf Jackpot After Price's Ouster

SUN CITY, South Africa — South Africa's David Frost won golf's richest prize Sunday, the Million Dollar Challenge, but the competition was marred by the controversial disqualification of Nick Price, who had been tied for the lead after three rounds.

INTERNATIONAL RECRUITMENT You will find below a listing of job positions published last Thursday in the International Herald Tribune under the International Recruitment Feature

ESCORTS & GUIDES INTERNATIONAL CLASSIFIED (Continued From Page 4)

LANGUAGE

For Movies, Watch the Chinese Triangle

PARIS — With its many movie houses and major museums also offering film programs, Paris is the most varied city in the world for moviegoers.

The place to watch right now says Michel Ciment, a leading film critic, scholar and member of the editorial board of the film magazine Positif, is what he calls the Chinese triangle: Hong Kong, China and Taiwan.

"In Hong Kong today, there is no major director like King Hu, but I would say that four of the greatest living directors in the world are in China and Taiwan.

In other parts of the world, Ciment says, Hollywood has been a bulldozer destroying the local industry. "If it doesn't destroy Taiwan it's because they have money but don't spend much on their films.

Positif recently published a long section on Edward Yang, who was born in Shanghai in 1947, moved to Taiwan at the age of 1, and turned to film directing at 32.

"Starting with that little event you get the whole history of Taiwan of the 10 or 20 years before that, so it becomes an epic view of Taiwanese society while remaining a story about teenagers," Ciment says.

With rare exceptions French filmmakers do not confront current affairs or their country's political and colonial past.

"It is hard to understand why ours has become a very self-centered cinema, very narcissistic in many ways, very psychological and intimate, and rarely has any epic scope.

Positif began in 1952 in Lyon, founded by Bernard



Film critic Michel Ciment with filmmaker John Boorman.

Chardère, who recruited some of his critics from a nearby TB sanatorium where students and teachers were treated. Roland Barthes had been cured there and later student-patients founded a film club.

Positif moved to Paris when Chardère was drafted and sent to Algeria. From its provincial origins it retains a tone of underground enthusiasm and a happy lack of Parisianism.

The monthly magazine's 40th birthday celebrations have been suitably international, beginning last May at the Cannes festival.

From its start, Positif was in conflict with Cahiers du Cinéma, a conflict based in part, Ciment says, on the fact that Cahiers was politically conservative while Positif was of the non-Communist left.

"Cahiers at the time was very Christian and conservative and had a tendency to look for miracles and Grace

and God in Hitchcock's films. We supported people like Huston, Buñuel or Wajda or Antonioni who were not dealing with spiritual issues at a time when the Church still played an important role and everyone was trying to get away from the Jesuit fathers who had taught them in school."

Positif did not like the New Wave, considering it too self-absorbed, and had what Ciment admits is a blind spot about Godard, adding a paraphrase of Sartre: "We may have been wrong but we were wrong for the right reasons."

Ciment wrote his first article for Positif, on Orson Welles's "The Trial," in 1962 while working on his master's thesis on D. H. Lawrence. He is a member of the editorial board (there is no editor in chief) which meets Sunday afternoons and like the rest of the staff he is unpaid.

When it fricas with a previous publisher nearly sent the magazine under in 1990, a petition was signed by directors of many tendencies and nationalities, including Woody Allen, Ingmar Bergman, Federico Fellini and Stanley Kubrick.

These are dull days in film compared to 1958-75, Ciment says. "But there are still wonderful things being made, otherwise I would quit."

Ciment's favorite new American crime film is Quentin Tarantino's "Reservoir Dogs," which he says is extremely violent but a stunning first film.

"We are sometimes criticized for being anti-French film, but I think the French are too prone to loving their own cinema. Maybe a defect in a lot of French newspaper and weekly magazine criticism is that they feel they are the Red Cross and should absolutely support French cinema because it is in a bad way."

But 40 years on, Positif is still here and having a very good year celebrating itself. "It's like directors who are given honours when they are no longer directing. The important thing is that we have managed to survive without honours. It would be horrible to have a homage to a beautiful magazine that no longer exists."

For All Thy Quoting, Gifts of Gab

WASHINGTON — "With all thy getting," the publisher B. C. Forbes liked to quote from Proverbs 4:7, "get understanding."

With all thy quoting, get a quotation book. The old editions are good, but the new ones are better because people are making new quotations every day.

The heaviest hitters in the field are Bartlett's Familiar Quotations, 16th Edition (Little, Brown), edited by Justin Kaplan, and the Oxford Dictionary of Quotations, New Edition, edited by Angela Partington. If you have to choose, the best buy for Americans is Bartlett's.

That's not only because the publisher offers 1,400 big pages for \$40 while Oxford falls short of 1,100 pages for \$35; the reason for Bartlett's dominance of the field is its scholarship and zest. When Kaplan quotes Margaret Fuller's "I accept the universe," he footnotes Thomas Carlyle's comment, "By God! She'd better." Oxford does it the wrong way around, under Carlyle, making it harder to look up.

In selections from the Book of Job, an interest of mine, Bartlett has twice the text: Oxford leaves out lines like "He is a king over all the children of pride." Both stick to the familiar King James Version of 1611; Oxford should consider shifting to its own beautiful and more accurate Bible translation in future editions.

Kaplan is a careful man: He lists "There's no such thing as a free lunch" under the economist Milton Friedman. I wrote to Milton about the origin of that adage some years back, and he cheerfully acknowledged it had not been original with him; that's why the quotologist adds a careful "attributed" next to the line.

Oxford is more specific about dates, however, and shows better judgment on the selection of the sayings of Ronald Reagan. Both books cite evil empire, but Bartlett's goes beyond Reagan's 1983 usage to its origin in the 1977 George Lucas film, "Star Wars." Both also have the line "Go ahead, make my day," delivered first by Clint Eastwood, but only Bartlett's has the right citation. Oxford cites the 1971 film "Dirty Harry" as its origin; instead, it started in that film's 1983 sequel, "Sudden Impact," written by Joseph C. Stinson.

The only thing necessary for the triumph of evil is that good men do nothing. If you want to find out how some of us have broken our heads to find the corner of that, get "Nice Guys Finish Seventh: False Phrases, Spurious Sayings and Familiar Misquotations" by Ralph Keyes (HarperCollins, \$18). It wasn't Edmund Burke, and if you were there when it was first said, speak up. Keyes's title is drawn from the way the sports writer Frank Graham edited Leo Durocher: "The nice guys are all over there. In seventh place." We remember it as "Nice guys finish last."

lest their boss think that they have gone soft in the head.

Stephen Glazier, who died this year just before his chef d'oeuvre was published, was a modern Peter Mark Roget — a putter-together of word lists. The Random House Word Menu (guess what publisher, \$22) combines dictionary, thesaurus and glossary in an original way that is of great use to writers. Look up cooks for example, to find baker, barkeeper, confessor, publisher ("manager of tavern") and, among many others, a solution to the waiter-waitress-waitron problem that some linguistically correct types have posed: server.

Under grants, as a category of speech many other word books neglect, the writer may select from a range including aah, harrumph, la-di-da, oof, in-da, uh-uh, varoom and the ever-popular yeech.

Palindrome freaks, a small category of word lovers who like to read back and forth, will snap up the slim and somewhat overpriced paperback "If I Had a Hi-Fi" by William Irvine (Laruel, \$5.99), which includes "We panic in a pew and Desserts, I stressed and the ambitious Some men interpret nine monies." (Gary Maddock of Rochester, in the course of explaining to me that the word mnemonic comes from the Greek goddess Mnemosyne, contributes a palindrome of interest to parents proud of their grown-up offspring: Diapers repeat.)

For serious linguists, the gift of the year is a reprint of Otto Jespersen's 1924 "The Philosophy of Grammar," with an introduction and a new index by James D. McCawley (University of Chicago Press paperback, \$17.95). When I recently offended who-whomists by opining that *than* was a preposition, not a conjunction, Professor McCawley rode to my rescue by citing the great Danish linguist Jespersen's conclusion that so-called subordinating conjunctions are prepositions with clause objects. (Anybody still there? Hello!)

For librarians of major Wall Street investment houses — not a huge audience, but somebody has to look after their interests — here's The New Falgrave Dictionary of Old and New, Weird and Wonderful, Useful and Outlandish Words" by Paul Dickson (Wiley paperback, \$14.95). His chapter on journalism offers such gems as *densely wooded area*, defined as "where most beddy decomposed bodies are found," and *flawed*, "used by critics in reviews in which they actually enjoyed the film, play, book or whatever but feel compelled to say something negative

Then there's "Dickson's Word Treasury: A Connoisseur's Collection of Old and New, Weird and Wonderful, Useful and Outlandish Words" by Paul Dickson (Wiley paperback, \$14.95). His chapter on journalism offers such gems as *densely wooded area*, defined as "where most beddy decomposed bodies are found," and *flawed*, "used by critics in reviews in which they actually enjoyed the film, play, book or whatever but feel compelled to say something negative

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 21

WEATHER section with maps for Europe, North America, Asia, and Latin America, and forecast tables for Tuesday through Thursday.

CROSSWORD section with ACROSS and DOWN clues and a solution for a puzzle from Dec. 4.

JFK: Reckless Youth
By Nigel Hamilton. Illustrated. 898 pages. \$30. Random House.
Reviewed by Michiko Kakutani

BRIDGE
By Alan Truscott
THERE are many players of great ability who rarely play in national championships but make their mark at the local level.

Advertisement for AT&T USADirect Service, featuring a globe and the slogan 'Speed up the approval process.' Includes a table of international access numbers for various countries.